

Internal Revenue Service

Department of the Treasury

District  
Director

1100 Commerce St., Dallas, Texas 75242

Date: DEC 3 1996

Employer ID Number: [REDACTED]

Person to Contact: [REDACTED]

Telephone Number: [REDACTED]

Refer Reply To: [REDACTED]

[REDACTED]

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code.

You were incorporated on [REDACTED] under the nonprofit corporation laws of [REDACTED]. Your Articles of Incorporation state that the purpose of your organization is, "coordinating the activities and efforts of its members in the manner of a professional trade association".

You state that your primary purpose is to operate as a clearing house for a trade group of [REDACTED]. The most important activity will be to distribute information about individuals who are [REDACTED]. A [REDACTED] is defined as an individual who derives all or most of his or her income from [REDACTED], or as a [REDACTED].

Membership in your organization is limited to those individuals who hold the designation of [REDACTED]. The designation is established by the [REDACTED] to recognize individuals who have shown commitment to the [REDACTED] profession through proven [REDACTED].

Your primary activity is to promote and educate the public about the availability, skills, and areas of technical expertise of your members who are available as professional speakers.

Your second most important activity will be to distribute membership registers and other applicable information to various groups who have a need to contract for the services of a professional speaker. A register for distribution is to be used for informing the public that Certified Speaking Professionals are available for speeches, seminars, or as discussion leaders. Current and updated registers will provide the [REDACTED]'s name, address, phone number, specialization, educational background, and experience. The registers will be updated periodically as necessary, and provided to professional societies, groups, associations.

You intend to encourage professional speakers to join your organization. You state the purpose of the organization is to provide an educational and informational benefit to the public. The greater the number of members in the organization, the greater will be the selection of speakers from which to choose. Benefits to the public come from the centralization and accumulation of information about the backgrounds of those individuals who have attained the designation of [REDACTED]. The variety of technical skills, education, and experience [REDACTED] have to offer is made available to anyone looking for professional speakers.

Distributing this information to the public through brochures, catalogs, and registers is the main function of your organization. No fees are charged for any services by the organization. There are no paid employees or officers. All workers are volunteers.

Section 501(c) of the Code describes certain organizations exempt from Federal income tax under section 501(a) and reads, in part, as follows:

"(6) Business leagues, chambers of commerce, real estate boards, 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."

Section 1.501(c)(6)-1 of the regulations provides as follows:

"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 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. \*\*\*"

Revenue Ruling 64-315, 1964-2, C.B. 147 covers an association of merchants whose businesses constitute a shopping center which expends its funds and engages exclusively in advertising in order to attract customers to the shopping center. The advertising contains the names of member merchants and their merchandise. The organization is not entitled to exemption from Federal income tax as an organization described in section 501(c)(6) as its activity constitutes the performance of particular services for members rather than an activity directed to the improvement of business conditions generally, as required by the applicable regulations.

Revenue Ruling 76-409, 1976-2, C.B. 154 provides that an organization of finance adjusters that publishes and distributes a directory containing member's names and addresses to potential customers is performing particular services for its members and does not qualify under section 501(c)(6) of the Code.

Based on the information submitted, we have determined that your organization does not qualify for exemption under 501(c)(6). Your activities are aimed at the performance of particular services for your individual members rather than

the improvement of business conditions, as required by Section 1.501(c)(6) of the Income Tax Regulations. Like the organization in Revenue Ruling 76-409 which is providing a service to its members and does not qualify for exemption, you are promoting the services of your members to the public. You direct a substantial portion of your overall activity to the issuance of advertising material containing listings of the names and services of your members like the organization in Revenue Ruling 64-315 which does not qualify for exemption. Your activities are outside the scope of Section 501(c)(6) of the code because they serve the private interests of your members.

Accordingly, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code. Accordingly, you are required to file Federal income tax returns on Form 1120, annually with your District Director.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Code as a failure to exhaust available administrative remedies. 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 Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely,



Bobby E. Scott  
District Director

Enclosures:  
Publication 892  
Form 6018