

INTERNAL REVENUE SERVICE  
P. O. Box 2508  
Cincinnati, OH 45201

Department of Treasury

Contact Person:  
[REDACTED]

Contact Telephone:  
[REDACTED]

Refer Reply To:  
[REDACTED]

Date: FEB 2 2001

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 exemption under this section. Our reasons for this conclusion and the facts on which it is based are explained below.

You were incorporated under [REDACTED]. Your Articles state your purposes as "to engage in any lawful activity for which corporations may be organized under [REDACTED], provided, however, that it is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained."

The activities of your organization as stated in your 1024 application for recognition of exempt status as an organization described in section 501(c)(6) of the Code are:

1. Networking/Information & Technical Expertise Exchange

At the initial meeting on [REDACTED] member firms shared practice management information/strategies and technical expertise. It was decided that [REDACTED] would provide its members with the following key services and benefits:

Territorial exclusivity, expanded international client services; development of an intranet website and provide a staff exchange program.

2. Client Referral and International Assistance

[REDACTED]

Member firms will refer business to other members in different geographic regions. The intention of this referral network is to promote a globalized shared client service base.

### 3. Marketing Program/Assistance

Premier will establish an international marketing program through the Internet. In addition, marketing materials describing the activities of [REDACTED] are in the process of being developed.

Your brochure states "[REDACTED] was founded to give mid-sized accounting and consulting firms the opportunity to band together and offer their clients the highest standards of professional competence and custom-tailored services on a global scale."

You are a membership organization. Primary memberships shall be open to selected professional accounting firms located in desired geographic areas as determined by the Operating Committee and Board of Directors. Associate memberships may be granted to other organizations or individuals that are not professional accounting firms. Associate members shall not have voting privileges.

Each member firm will pay an annual fee of \$[REDACTED]. [REDACTED] will earn a [REDACTED] fee on referrals of any business to member firms. Such fee is payable by the firm who receives the referral. Expenses are allocated for activities attributable to the operation of [REDACTED] and general organizational expenses.

Section 501(c)(6) of the Internal Revenue Code exempts from Federal income tax, business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues (whether or not administering a pension plan for players), not organized for profit, and no part of the net earnings of which inures to the benefit any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations states, in part: "A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest.... It is an organization of the 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."

National Muffler Dealers' Association v. U.S., 440 U.S. 472 (1979), a trade association confined its membership to dealers franchised by a particular company and its activities to the business of that company. In this case, the court ruled that the organization was not entitled to exemption under section 501(c)(6) since its activities and membership does not serve the industry as a whole but only a segment of a line of business.

[REDACTED]

Revenue Ruling 74-308, published in Cumulative Bulletin 1974-2 on page 168, held that a nonprofit organization whose principal activity is providing a telephone answering service to distribute calls for towing service on a rotational basis to its members who are tow truck owners and operators does not qualify for exemption under section 501(c)(6) of the Code.

Revenue Ruling 68-265, published in Cumulative Bulletin 1968-1, on page 140, held that an organization was formed to foster the interests of persons engaged in a particular line of business through furnishing a credit information service to its members. The exchange of credit information among the members was a convenience and economy to them in their business and did not qualify for exemption from Federal income tax under section 501(c)(6) of the Code.

Revenue Ruling 67-176, published in Cumulative Bulletin 1967-1, on page 140, held that an organization formed to provide a specific service to members of a given profession and to those preparing to enter the profession on matters relating to their practices did not qualify for exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code.

Revenue Ruling 59-234, published in Cumulative Bulletin 1959-2, on page 149, held that a real estate board whose activities included the operation of a multiple listing system was considered to be rendering particular service for its members and was not exempt from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code.

From review of your application, it appears that your organization was formed to provide specific services and benefits to your member firms similar in nature to the organizations cited in Revenue Rulings 74-308, 68-265, 67-176 and 59-234. You are not organized and operated to improve the conditions of one or more lines of business, and your activities do not serve the profession as a whole, but serve only the members of your organization. Your activities are not directed to the improvement of one or more lines of business, but rather to the promotion of the private interests of your member firms, and their mutual desire to increase their firms' client base and income.

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

In accordance with this determination, you are required to file Federal income tax return on Form 1120.

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

[REDACTED]

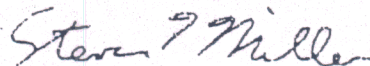
If you do not agree with our determination, you may request consideration of this matter by the Office of Regional Director of Appeals. To do this, you should file a written appeal as explained in the enclosed Publication 892. Your appeal should give the facts, law, and any other information to support your position. If you want a hearing, please request it when you file your appeal, and you will be contacted to arrange a date. The hearing may be held at the regional office, or, if you request, at any mutually convenient district office, if you will be represented by someone who is not one of your principal officers, that person will need to file a power of attorney or tax authorization with us.

If you do not appeal this determination within 30 days from the date of this letter, as explained in Publication 892, this letter will become our final determination on this matter.

Appeals submitted which do not contain all the documentation required by Publication 892, will be returned for completion.

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

Sincerely,



Steven T. Miller  
Director, Exempt Organizations

Enclosure: Publication 892  
Form 6018

Department of the Treasury-Internal Revenue Service  
**Consent to Proposed Adverse Action**  
(All references are to the Internal Revenue Code)

Prepare in Duplicate

Case Number

[Redacted]

Date of Latest Determination Letter

Employer Identification Number

[Redacted]

Date of Proposed Adverse Action Letter

FEB 02 2001

Name and Address of Organization

[Redacted]

I consent to the proposed adverse action relative to the above organization as shown by the box(es) checked below. I understand that if Section 7428, Declaratory Judgments Relating to Status and Classification of Organizations under Section 501 (c) (3), etc. applies, I have the right to protest the proposed adverse action.

NATURE OF ADVERSE ACTION

Denial of exemption 501 (c) (6)

Revocation of exemption, effective

Modification of exempt status from section 501 (c) ( ) to 501 (c) ( ), effective

Classification as a private foundation (section 509(a)), effective

Classification as a non-operating foundation (section 4942(j)(3)), effective

Classification as an organization described in section 509(a) ( ), effective

Classification as an organization described in section 170(b)(1)(A) ( ), effective

If you agree to the adverse action shown above, please sign and return this consent. You should keep a copy for your records.

If you sign this consent before you have exhausted your administrative appeal rights, you may lose your rights to a declaratory judgment under section 7428.

(Signature instructions are on the back of this form.)

Name of Organization

Signature and Title

Date

Signature and Title

Date