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Date 6-29-7

Signature [Redacted]

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MAR 19 1997

Dear Applicant:

We have completed our consideration of your application for recognition of exemption from federal income tax and we have concluded that you are not exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The reasons for our conclusion are explained below.

Your organization proposes to prevent the deterioration, destruction and pollution of wetlands, public waterways and air by initiating lawsuits against companies that violate the Clean Air Act. Your organization proposes to file a lawsuit against a company that has allegedly committed violations pursuant to the Clean Air Act. Your founder was employed by a company that was contractually associated with the same company that you propose to file a lawsuit against. You have no established criteria in selecting the companies your organization wishes to initiate lawsuits. Your organization has not initiated any lawsuits pursuant to the Clean Air Act since its formation.

Your organization also proposes to provide environmental expertise and legal assistance to citizens and public groups as well as publishing materials, journal articles to achieve environmental reforms. Your organization has no assets, expenditures or funding.

Section 501(c)(3) of the Internal Revenue Code of 1986 (as amended) provides for exemption from federal income tax of corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities

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of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides that to be exempt as an organization described in section 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more of the purposes specified in that section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Section 1.501(a)-1(c) of the regulations defines "private shareholder or individual" as persons having a personal and private interest in the activities of the organization.

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish exempt purposes specified in section 501(c)(3) of the Code. An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(c)(2) of the regulations provides that an organization will not be considered as operating exclusively for charitable purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations provides that an organization is not organized exclusively for any of the purposes specified in section 501(c)(3) unless it serves public, rather than private interests. Thus, an organization applying for tax exemption under section 501(c)(3) must establish that it is not organized or operated for the benefit of private interests, such as the creator or his family, or persons controlled, directly or indirectly, by such private interests.

In Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279, 283 (1945), the United States Supreme Court in considering the exemption application of the organization stated that the "presence of a single . . . (nonexempt) purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly . . . (exempt) purposes."

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Revenue Procedure 90-27, 1990-1 C.B. 514, provides, in part, that exempt status will be recognized in advance of operations if proposed operations can be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements of the section under which exemption is claimed. A mere statement of purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement. The organization must fully describe the activities in which it expects to engage, including the standards, criteria, procedures, or other means adopted or planned, and the nature of contemplated expenditures. Where the organization cannot demonstrate to the satisfaction of the Service that its proposed activities will be exempt, a record of actual operations may be required before a ruling or determination letter will be issued. In those cases where an organization is unable to describe fully its purposes and activities, a refusal to issue a ruling or determination letter will be considered an initial adverse determination from which administrative appeal or protest rights will be afforded.

In summary, based on the information that you have submitted, we are unable to determine that the operational requirements for exemption under section 501(c)(3) and the regulations thereunder have been met. We are unable to conclude that your future activities will meet the requirements of section 1.501(c)(3)-1(d)(ii) of the Income Tax Regulations which require that a public rather than a private interest be served, and you have not established that you are not organized or operated for the benefit of private persons controlled, directly or indirectly, by such private interests. Also we are unable to conclude, based on the information that you have submitted, that your future activities, will meet the requirements of section 1.501(c)(3)-1(c)(2) of the regulations, which state that an organization is not operated exclusively for exempt purposes if its net earnings inure in whole or in part to the benefit of private individuals.

Accordingly, since you have not provided sufficient information about the proposed operation of your organization, a determination as to your exempt status under section 501(c)(3) of the Code will not be made at this time. You are, therefore, required to file Federal income tax returns until such time as your exempt status is recognized.

Contributions to your organization are not deductible under section 170(c) of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your

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views, with a full explanation of your reasoning. This statement, signed by one of your principal officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Procedures.

If you do not protest this ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the 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 Claims Court 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 we do not hear from you within 30 days, this ruling will become final and copies of it will be forwarded to the District Director. Thereafter, if you have any questions about your federal income tax status, including questions concerning reporting requirements, please contact your key District Director. The appropriate State Officials will be notified of this action in accordance with Code section 6104(c).

Sincerely,

[REDACTED]
 [REDACTED]
 Chief, Exempt Organizations
 Technical Branch 3

cc: [REDACTED]

attn: EO Group
 bcc: [REDACTED]
 [REDACTED]

	INITIATOR	REVIEWER		
CODE	[REDACTED]	[REDACTED]		
SURNAME	[REDACTED]	[REDACTED]		
DATE	3/12/97	3/18/97		