

yellow

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

[Redacted]

Contact Person: [Redacted]

Telephone Number: [Redacted]

In Reference to:
CP:E:EO:T:3

Date: SEP 5 1997

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Date _____
Signature _____

Employer Identification Number: [Redacted]
Key District: [Redacted]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(2). Based on the information submitted, we have concluded that you do not qualify for exemption under that section. The basis for our conclusion is set forth below.

You were incorporated under [Redacted]. Your stated purposes are "religious, charitable, and educational by being organized for the exclusive purpose of holding title to property, both real and personal, of all kinds and descriptions, and collecting the income therefrom, and distributing such income, less expenses, to organizations which themselves:

1. are organized and operated exclusively for religious, charitable, or educational purposes; and
2. are exempt from Federal Income Tax under section 501(a) of the Internal Revenue Code."

To carry out your purposes, you plan to register, and, participate in a [Redacted] conducted by [Redacted] under which [Redacted] offers rebates starting at \$ [Redacted], for [Redacted] and titled in the same name, in the [Redacted] increases as the incremental number of titles held increases. The title-holder must hold at least [Redacted] titles to be eligible to participate in the [Redacted].

You will solicit organizations exempt from tax under section 501(a) that might ordinarily only purchase [Redacted] a year each and obtain permission to hold title to [Redacted] purchased by the organizations. Initially, you anticipate serving at least [Redacted] exempt organizations ([Redacted]).

You state that by participating in [redacted] you will provide a method of better meeting the current and anticipated needs of section 501(a) organizations ([redacted]) by providing a system which reduces the cost of [redacted] used in performing their missions.

[redacted] will sign an agreement stating that it will title its [redacted] in your ([redacted]) name. You indicate that this is necessary because the services that you will provide are not services that an individual [redacted] organization could perform alone.

Each [redacted] purchased by [redacted] will be recorded on your corporate records. Title will be recorded and will remain in your name until the "proper credits" are received under [redacted]. If [redacted] are titled in your name in [redacted], \$ [redacted] per [redacted] will be sent to you. Upon receiving the incentive money, it will then be divided among the participating organizations on a pro-rata basis after which title(s) can then be transferred to the participating organizations.

At any time a participating organization can request that title be transferred from your name, however, if title is transferred before receiving proper credits, the [redacted] will not receive any money or credit for the period title was recorded in your name.

You have stated that the [redacted] will have no ownership interest in you, and will not exert any influence or control over your affairs other than through their decisions on whether or not to participate in the program.

Each participating organization will be assessed a management fee deducted from the incentive monies at a reasonable rate to be established by your Board of Directors. You indicate that you will employ [redacted] to administer the [redacted]

You have also indicated that you sole source of support will be from the income generated from the holding of titles for participating organizations.

Section 501(c)(2) of the Code provides for the exemption from Federal income tax of corporations organized for the exclusive purpose of holding title to property, collecting income

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When sending additional letters to us with respect to this case, you will expedite their receipt by using the following address:

Internal Revenue Service
Attn: CP:E:EO:T:3 [redacted]
1111 Constitution Ave, N.W.
Washington, D.C. 20224

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

Sincerely,

Signed - Edward K. Karcher

Edward K. Karcher
Chief, Exempt Organizations
Technical Branch 3

cc: DD, Midstates (Dallas)
Attn: EO Group

cc: [redacted]
[redacted]
[redacted]

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	DL 6/4/93	CA 1/10/93	[redacted]				
Surname	[redacted]	[redacted]	[redacted]				
Date	[redacted]	[redacted]					