

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Date: APR 21 1999

Contact Person:  
[REDACTED]  
ID Number:  
[REDACTED]  
Telephone Number:  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

NO PROTEST RECEIVED  
Release copies to District  
Date 7-14-99  
Surname [REDACTED]

Employer Identification Number: [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)(9). 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.

The information submitted shows that you are incorporated on [REDACTED] pursuant to the [REDACTED]. You have the right to issue common stock. You stated that you do not have any bylaws.

You stated that you will be funded by commissions from providing life and disability insurance benefit to members of the [REDACTED] which is recognized as exempt under section 501(c)(6) of the Code. However, the premiums for the insurance benefits are paid to a third party administrator, which then remits them to the insurance company. You receive commissions from the insurance company. You stated that you will be funding section 501(c)(9) benefits from these commissions. You only listed these benefits. You did not describe these benefits in detail.

Section 501(c)(9) of the Code provides for exemption for voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of the association or their dependents or designated beneficiaries, if no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

Section 1.501(c)(9)-3(f) of the regulations describes benefits that are nonqualifying other benefits. Generally, if the benefits are not listed in sections 1.501(c)(9)-3(d) and 1.501(c)(9)-3(e) of the regulations, then they are normally classified as nonqualifying benefits.

The information submitted shows that you are operating as a for-profit entity with the right to issue shares of stock. You did not submit any bylaws. Thus, you have not established that you are operating as an organization described in section 501(c)(9) of the Code. In addition, you have not established that your commissions are an other benefit within the meaning of sections 1.501(c)(9)-3(d) and 1.501(c)(9)-3(e) of the regulations. You also only listed your proposed section 501(c)(9) benefits. Thus, you did not describe these benefits in sufficient detail to establish that you will be operating exclusively for section 501(c)(9) purposes. You also did not establish that your

[REDACTED]

commissions should not be returned to the purchasers of the insurance policies that are paid for through a third party administrator. In addition, [REDACTED] submitted a response to our request for additional information. [REDACTED] does not have a power of attorney in the file and he is not one of your officers and directors. Thus, the information that he submitted in his letter dated [REDACTED] is an invalid submission.

Accordingly, you do not qualify for exemption as an organization described in section 501(c)(9) of the Code and you must file federal income tax returns.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views to this office, with a full explanation of your reasoning. This statement, signed by one of your 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 officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If we do not hear from you within 30 days, this ruling will become final and a copy will be forwarded to the Ohio EP/EO key district office. Thereafter, any questions about your federal income tax status should be directed to that office, either by calling 877-829-5500 (a toll free number) or sending correspondence to: Internal Revenue Service, EP/EO Customer Service, P.O. Box 2508, Cincinnati, OH 45201. The appropriate State Officials will be notified of this action in accordance with Code section 6104(c).

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

Internal Revenue Service  
Ray Sealey, OP:E:EO:T:2, Rm. 6539  
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) ~~Garland A. Carter~~

Garland A. Carter  
Chief, Exempt Organizations  
Technical Branch 2

OP:E:EO:T:2 01:EO:T:2  
[REDACTED]  
[REDACTED]