



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

Date: OCT 17 2001

[REDACTED]

DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

WASHINGTON, D.C. 20224

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DATE: [REDACTED]

SURNAME [REDACTED]

Contact Person: [REDACTED]

Identification Number: [REDACTED]

Contact Number: [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)(3). 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 the laws of the State of [REDACTED] on [REDACTED] for charitable purposes within the meaning of section 501(c)(3) of the Code. Your specific purposes are to:

1. Identify, investigate, and foster preventive health care practices for all illnesses across all aspects of everyday life and to promote the widespread use throughout society; identify organizations dedicated to preventive health care practices; and organize and promote networking among organizations dedicated to preventive health care measures, products and practices.
2. Further the use of intrinsic medicine, i.e. spiritual healing by training energy therapists/spiritual healers in ascension energy therapy and other energy modalities; and find outlets for trained therapists to work;
3. Conduct studies on chronic illnesses through collection of outcomes data and publish findings of results.
4. Introduce this form of therapy to church groups, clinics and hospitals and provide these services to a private client base and through volunteer work in the community, locally and elsewhere.
5. Publish related information articles, newsletters, pamphlets and other articles of publication to inform the public; conduct classes, seminars, health fairs and conferences for health care organizations, hospitals, clinics, nursing homes and assisted living communities; and incorporate all health care practices to include energy therapy into the realm of preventative practices.
6. Further the use of integrative health practices by providing energy modality to clients in hospitals, clinics, and nursing homes, as well as private settings.
7. Provide spiritual healing and counseling to individuals in need and to offer spiritual

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and educational workshops and seminars.

8. Train and develop therapists in all levels of the energy therapy for certification.
9. Sell, rent, buy and lease real property, equipment, supplies for the purpose of conducting the business of running an organization; purchase, acquire, apply for, register, secure, hold, own, sell, or otherwise obtain and dispose of any and all copyrights, trade names and distinctive marks associated with these organizations or practices; carry on any other business/business practices in connection with the foregoing.






You also state that you propose to:

- a. be a forum for an independent group of energy practitioners who are interested in furthering the use of intrinsic medicine, to actively conduct that forum for practitioners who have started their own broad scoped interest into a viable entity under the Physisphere, Inc. umbrella.
- b. become a consumer advocate informing the public of all preventive health care organizations and their practices.
- c. develop classes; conduct seminars, health fairs and conferences as a consumer advocate on the subject of preventive health care from an Intrinsic point of view in an effort to combine that thinking with allopathic medicine.

Paragraph Seventh of your Articles of Incorporation provides that the number of initial directors shall be one — 

Paragraph Third of your Articles of Incorporation provides that the directors of the Corporation shall be appointed as deemed necessary by the President, and stated in the Bylaws, in numbers sufficient to assist in the operation of the corporation, but shall not be limited to Directors of Medical Affairs, Programs and Education, Expansion, Studies and Grants, or Director of Resources. In the event of the demise or incapacitation of the President, future directors will be appointed by the Vice-President for Expansion and confirmed by other directors.

Regarding the appointment of Directors by the President, you state that during the time of inception and incorporation there was no one but the President. You state that this will change in the future when all are on board and a modification to the incorporation document can be made. However, regarding why the Vice-President for Expansion would appoint Directors in the event of the President's inability to do so, Ms. Youmans states that the Vice-President for Expansion would be the best qualified because she has international experience, has a business degree, and is self-employed. All other directors have their own full time commitments, which would not allow them to take over this project.

Your Board of Directors is comprised of , President and CEO;   Vice-President for Visionary Affairs;  Vice-President for Expansion;  Vice-President for Health and Wellness. Per undated letter, you state that the position of Director, Programs and Education remains unfilled. You state that you

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are not presently compensating Directors because you have limited funds.

You describe the activities to be conducted by each of the divisions stated above as follows:

a. Visionary Affairs: This Director would assist the President with the direction of the corporation, the projects it should engage in, the audiences it should target, and the organizations you should align yourself with, etc.

b. Expansion: Based on that Director's experience in the international community, she would assist the President by advising which areas of the world it would be best to expand into and assist with the business aspect of the expansion.

c. Health and Wellness: This Director provides advice on the type of health programs needed and the population that would benefit the most.

d. Programs and Education: This Director develops workshops and seminars, assists in writing lesson plans for classes, and conducts the same. He/she determines what is needed for presentation to the public based upon new information being received and determines the best method of presentation.

Qualifications of Directors:

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[REDACTED]

4. [REDACTED]

5. [REDACTED]

Compensation of Directors:

[REDACTED] states that the manner of compensating directors has not been decided. Except for services that are not income producing, the President has borne the expenses. It is expected that whatever services are performed by the Directors the President would absorb or they will not be conducted. However, [REDACTED] does not provide a formula for determining compensation.

Regarding payments to members of your governing body, you state that they will receive payments when developing and presenting a particular function that generates income. A 10% or 15% fee is proposed as compensation to the Program and Education Director for the development and production of workshops and educational classes that are presented under the [REDACTED] name. You state that this is the only planned compensation to date. Eventually, the President hopes to be able to receive the same fee. Presently, all financial support to the organization is provided by the President from personal funds or from monies obtained through classes or from the performance of energy therapy sessions. The last fee charged workshop was conducted during [REDACTED].

[REDACTED] describes each of the following organizations, which may be related in some way to directors, officers, associates, etc. as follows:

a. [REDACTED] An organization dedicated to intrinsic medicine and to finding an energy therapy that had a positive effect on chronic illnesses. It worked on the basis of the country doctor concept and treated people in their homes. Disbanded its operation in [REDACTED], all clients and therapists remained with [REDACTED] since [REDACTED] President was Vice-President of the Center.

b. [REDACTED] A school that trained ministers based upon the principles of metaphysics. Closed its doors and is no longer in existence.

c. [REDACTED] A nonprofit organization in the State of [REDACTED]. Its purpose is to provide an interfaith spiritual retreat where all are welcome regardless of spiritual or religious beliefs. Its President and Treasurer is [REDACTED] and its Vice-President and Secretary is [REDACTED]. You state that neither is related to [REDACTED], they are friends and business associates. However, they are also Directors of [REDACTED].

d. [REDACTED] An international consulting firm that works with companies in the creation and implementation of international business development strategies, sources financing for projects through the [REDACTED] and [REDACTED].

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[REDACTED]

the [REDACTED] It is owned by [REDACTED] Vice-President for [REDACTED] Expansion Division.

e. [REDACTED]. Another avenue in which [REDACTED] earns a living. This is her organized wellness company that sells magnetic and far-infrared products based upon the multi-level marketing concept as developed by [REDACTED]

f. [REDACTED] This is an organization owned and operated by an individual you were recruiting for the position of Director of Program and Education. It provided energy therapy, intrinsic healing services, massage and craniosacral therapy. The corporation has no directors and officers. The individual was trained by [REDACTED] It is expected that you will have no further contact with this organization. You state that its owner was not retained by you.

g. Regarding the [REDACTED], [REDACTED] states that all therapists who worked with you were referred to as the [REDACTED], so called because they kept records on their clients, recorded the work they did, their blood pressure, followed up on their progress and worked with them to find an alternative solution to their health concerns. She states that her group pioneered in this practice; generally, records of this type service are not maintained.

**Bylaws:**

Article III of your Bylaws provides for Directors. It states that there shall be as many directors as deemed necessary and may be included on the Board by the President and by a determination of the other board members. Section 3 provides that the affairs of the corporation shall be managed by the Board of Directors and in the absence of the Board, they will be conducted by the President. Section 5 provides that there is no limit on the number of terms or the number of years served by a director. Section 6 provides for compensation. It states that Directors shall serve without compensation except for reasonable fees for reimbursement and compensation being payable for special performance of a particular service such as development of a fund generating program for the corporation. Section 8 provides for a majority of the Board of Directors to comprise a quorum. However, if there is no Board in existence, decisions will be made and carried out by the President until such time as the condition is rectified.

**Sources of Funds:**

You state that you are presently supported by donations from the President from private funds and fees for service to private clients, and funds generated by classes in energy therapy. Future funds will be from classes on energy therapy, subscriptions to newsletters, associate fees and grants.

**Purposes:**

You state that you were organized as a training ground for practitioners of Integrative, Intrinsic Therapy regardless of area of concentration. You also state that you are "a spiritually based International corporation envisioned as an interfaith non-profit educational organization which

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advocates and promotes the use of alternative and intrinsic therapies in all walks of life as a viable option in any health and wellness program; advocates and promotes new information in science, medicine and spiritual awareness designed to bring about societal transformation to a higher level of consciousness in the new millennium. An organization whose focus is to awaken the Christ Consciousness within others so that we live the love in the Christ Heart and live the Beatitudes daily and to the fullest."

You state that you plan to develop and conduct workshops, publish newsletters, the Emmanuel Scripts, which are small Christ inspired pamphlets, other spiritual, medical and scientific information designed to educate and enlighten the general public providing new information in these aspects of life to bring forth change in the new millennium for transformation of human consciousness.

Activities:

You state that your proposed activities are to connect those of like mind and similar purpose to avoid duplication of effort and to combine efforts as well and work with those associations organized to promote a more diversified approach to health care. Since therapists are involved with these organizations/associations, there would be information sharing for the benefit of those members, ultimately promoting their knowledge level and promoting better care for their clients. It is proposed that when you target a particular illness, you could communicate with the organizations that are seeking a cure or exploring prevention in an effort to share information and work with a more unified effort.

Regarding your proposed activity of finding outlets for therapists, you state that work is obtained for therapists by contacting hospitals, nursing homes, healthcare clinics and clinics dedicated specifically to a certain illness/disease and offering your services through presentation packages and other types of information products.

██████████ states that she has in the past targeted a particular disease and sought out those health care facilities that dedicate service to that population, contacted the administrator for programs, explained her service and saw how they may be of assistance to their patients. The administrators may, at times, question their patients and see if they are interested or they will add the service to their program without patient canvassing. ██████████ states that they attend health fairs, talk to the attendees, provide sample sessions and make appointments. Therapists are encouraged to attend those to introduce themselves to the public. This is how the group worked in the past, change is planned for the future with a web site linked to other like-minded individuals. They will advertise via the Internet and solicit clients that way. Since this is also a distant healing method, she states they can perform sessions on clients anywhere in the world. The therapists that wish to participate will then be scheduled with clients on a master schedule according to their availability.

You stated that you designed programs for individuals and institutions. ██████████ explained that she has approached the institution's administrator responsible for designing treatment programs for the patients/clients to see what their needs are. The administrator approaches the patients/clients to see if they are interested in the service. If they are interested, a contract is

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[REDACTED]

drawn up with the institution to provide services, time, hours, clients, etc. You then determine the therapists needed for the facility and the service to be provided. She states it works the same if you are doing work for hire (clients pay the fee) or pro bono. However, you have offered no contracts, letters or other evidence of such relationships with any facility.

You stated that your therapists were available individually or collectively. [REDACTED] explained that individual clients may elect to call a particular therapist and work with that therapist individually and pay that therapist's set fees. This is described as the therapist being individually available. Also, an institution may contact you and ask for your services. This is described as being collectively available, as a unit working for a particular organization. She states that you worked with the [REDACTED] and the [REDACTED] as a collective organization and the therapists who elected to go were those who did not have time constraints. You worked with these clinics for over a year on a pro bono basis.

[REDACTED] describes the programs she has designed for institutions, contractual agreements with institutions and contractual agreements between the institutions and the individuals receiving the services, as follows:

- a. [REDACTED] - arrangements were made with the Administrator to provide Reiki treatments and Christopher Method treatments for clients one afternoon a week for three (3) hours. On Thursdays, two (2) practitioners would visit the clinic and provide treatments for the clients. There was a treatment offered and the interested client simply signed in. Only a verbal agreement was made with this organization and the clients either elected to receive the service or declined.
- b. [REDACTED] - A letter of agreement was concluded with this organization to provide a series of Gregory Therapy treatments for a specified number of clients pro bono. The clinic provided a space. Their treatments were in a series of 3 - 6 spread out in two week intervals. You state that records were kept and progress monitored for the length of the service. However, you have provided no documentation to evidence this. You state that the therapists received the training they needed with HIV/AIDS clients and the clients received treatments they could otherwise not afford. [REDACTED] states that if the clients consented, there was a form you had them sign and that was to say that you promised no medical cures, the service was not to take the place of any medical treatment and the services were performed in accordance with the spiritual tenets of the therapist/practitioner and not that of Physisphere. You did not provide evidence of this type of consent form.
- c. Regarding publishing of studies for the medical and general community, you state that to date nothing has been published. Data was collected on all clients to date, however, the information has not been entered into a database and cannot be retrieved in that fashion. There is no evidence of any collected data.
- d. Regarding sponsorship by a university and by a hospital, [REDACTED] states that she had thought of approaching a university and a hospital that were open to this type of exploration of wellness and diversity of wellness concepts as an avenue to obtain funding, places to work and an outlet for the therapists as well as adding credibility to the corporation. She has not pursued

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[REDACTED]

this due to a number of personal setbacks.

You state that activities are conducted primarily by the President - [REDACTED]  
[REDACTED] states that your recruitment of a [REDACTED]  
[REDACTED] is on hold until the organization's  
direction is more focused.

**Associates:**

You state that associates that work under your umbrella have their own specific specialties that carry out their own programs and pay an annual fee to you for use of your name and for networking contacts. The annual fee paid by associates is \$ [REDACTED], which includes contacts, quarterly newsletters, and support for expansion for their own ventures. The fee covers the price of publishing and the newsletter.

You presently have three associates. The contacts provided by you to the associates are contacts with preventive and integrative health care organizations, health fair organizers, contacts for employment and the potential for expanding their client base.

Regarding the associates' relationship with you, you state that all practitioners came to you with a skill, they were tested with certain communication skills prior to their being trained in Gregory Therapy. They continue to practice their original skill along with the Gregory Therapy and some had a practice prior to coming to you. They continue in that vein and participate in your activities. They come to organizational meetings, participate in health fairs, contribute their time for pro bono work and take referrals for paid work.

You provided a copy of the contract which would place practitioners under your umbrella. Ms. Youmans states that practitioners will benefit from the networking, reduction of duplication of effort in the areas of brochures, business cards, and the logo. You state that you are a corporation and that there is an intangible benefit to being associated with a corporation as opposed to being an independent. Sharing of information in an organizational type of environment lends support to the group and is a valuable tool for all associated with it. Associate fees for such practitioners were determined based upon an estimate of prices of material and postage to offset the cost of the quarterly newsletter.

You provided a copy of a License Agreement between [REDACTED], the [REDACTED] and an Independent Therapist dated [REDACTED]. Paragraph I provides for [REDACTED] Rights. It states that [REDACTED] has the right to revoke use of the license based upon proven misuse of the name. Paragraph II provides for the Grant of Rights. It states that [REDACTED] grants to Associate sole right to use the [REDACTED] name while in their private healing practice for their clientele; said self-promotion shall state that the practitioner is an independent associate of [REDACTED]. The associate has the right to develop his/her business as they see fit within the parameters of this agreement and universal laws. Paragraph III provides for Responsibilities for [REDACTED]. It states that [REDACTED] shall (1) publish a newsletter periodically as determined by the headquarters and furnish copies to all associates



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[REDACTED]

(2) provide annual notification of renewal requirements and (3) furnish associate cards identifying them as an associate of the organization. Paragraph IV provides for the Responsibilities of the Associate. The Associate shall (1) abide by the rules of this license and (2) furnish address changes to the headquarters as necessary. Paragraph V states that the agreement shall be effective as of the date issued.

**Educational Programs and Workshops:**

Your educational programs and/or workshops are as follows:

a. Terra Christos Alpha-Omega Alignment Therapy consists of three (3) levels. Tuition is \$ [REDACTED] for each level. Level One covers 3 body zones, history of work, hand techniques, anatomy, client intake forms, client assessment, record keeping, ethics, and practice. Level Two covers feedback on level one, 15 activation points, anatomy, and practice. Level Three covers feedback on level 2, long distance healing, test on level of energy, medical intuitive work, and practice.

b. A master apprenticeship requires three (3) hours per week working along side a master level teacher for three months. Tuition is \$ [REDACTED]

c. One (1) master class. Tuition fee is \$ [REDACTED]. The master class covers sealing of master level energy, sacred geometry techniques, implant removal, color visualization techniques, ethics, belief systems effects on the work, and practice.

d. Gregory Advanced Magnetic Therapy is a seventeen (17) hour course work and exercises. Tuition fee is \$495.00 per person. The instructors split the fee. The portion that is earned by the President for her participation is deposited in your account to maintain and support your expenses. The program provides instruction, experiential exercises on divine reception, clearing issues from the Spirit Body, Electromagnetic Field, the Magnetic Grid and conversations with the various levels of one's existence, working in tandem with divine sources and opening different levels of one's awareness. Students apprentice with 3 clients, after completing the client load, evaluation for accreditation is conducted.

The course fees include the accreditation process if the student is to provide the services to the public. You test and accredit every student who satisfactorily completes the course and demonstrates their ability to deliver the energy sessions in an approved manner. Re-accreditation updates are provided for a nominal annual fee, depending on the course. Regarding how fees for classes are determined, [REDACTED] states that fees were determined by the three developers of the energy modality, the length of time it took to train the students and the amount of information contained in the lessons.

Regarding the courses she has taught, [REDACTED] states that she has taught one course at [REDACTED], the Gregory Advanced Magnetic Therapy, which she has assisted in developing. It has been the main offering of [REDACTED] in addition to the services for the clients, training of practitioners, and distributing information to practitioners. She states that [REDACTED] persons have attended. She has trained [REDACTED] persons in the Gregory Modality and [REDACTED] as clinicians (scribes for

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[REDACTED] the therapist) through various classes. Seven still remain on the mailing list and 2 are actively pursuing their own vision. However, she does not state those that have completed the courses and been certified by her as therapists in a given area.

[REDACTED] states that the criteria used to qualify an individual for graduation are:

- a. Complete all course criteria and be signed off by a Gregory Master Therapist.
- b. Complete the Gregory Therapists' training.
- c. Demonstrate ability to use procedures and deliver the energy in a session.
- d. Perform the Gregory Treatment Program on at least 2 clients, walking them through the sessions, counseling and the follow-up afterwards. Clients may be of therapist's choosing or may be a friend of the therapist.
- e. Perform clinician's duties for at least 2 sessions for fellow therapist.
- f. Attend your scheduled sessions, especially those for therapists.
- g. Be able to receive, interpret and deliver messages.
- h. Demonstrate a genuine desire to be a part of the Gregory family.
- i. Be able to recite the Unified Chakra Meditation.
- j. Have a thorough understanding of the mental, emotional and physical bodies and be able to speak to those of the client during an energy session.

You state that copies of certificates given to graduates are not available at this time. You state that you have contacted certified therapists to provide copies.

**Fees for Services:**

Regarding fees charged, you state that fees charged for services are commensurate with fees charged for similar services in the local area. You state that the fees are used to provide services to those that cannot pay. They are also used for your operating expenses. With respect to fee reduction, you state that the recommended fee is published, people pay the fee, give a donation or express the inability to pay. No one is turned away. You state that of the clients you have treated, [REDACTED] were treated for donations, [REDACTED] were treated as an exchange, [REDACTED] were treated as part of the course requirements, one paid full price for all sessions and [REDACTED] were treated free of charge. Treatment sessions -- Gregory = \$[REDACTED] TC A-O = \$[REDACTED]. You state that sessions are performed for a donation or may be performed on an exchange or barter basis with others for an equivalently determined service. Energy sessions range from \$[REDACTED] to \$[REDACTED] each.

**Newsletters, Pamphlets, Flyers, Brochures, Educational Materials:**

a. Brochure titled [REDACTED] describes various forms of therapy. The brochure states that you provide complimentary touch and non-touch method therapy to private clients and to clients in a clinical setting documenting the effects of the treatments. You state that you promote the use of these therapies through practice, teaching and recruitment of additional practitioners; discovering additional outlets to practice this work; and to further the advancement and use of complimentary therapies in every day life. Clinical protocols are available to health care facilities upon request. Practitioners are available by appointments, evenings, and weekends to these facilities on a volunteer basis. Private

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sessions are available through independent practitioners at the individually determined fee. You state that your treatment sessions are designed to complement and work in consort with traditional medicine.

b. Brochure advertising a course in Gregory Advanced Magnetic Therapy for prospective therapists. It states that Gregory is a new type of Intrinsic Medicine, a step ahead of Alternative Medicine, it is the body-mind-spirit connection. "Intrinsic Medicine goes to the core or essence of the person and into the heart of their spiritual nature. The angels work through the Gregory therapist on the spirit body, the electromagnetic field and the magnetic grid to correct lifelong blocks to the soul's progress."

c. Brochure describing the Gregory Therapy method to prospective clients.

d. Newsletter, dated \_\_\_\_\_ provides the following information. The President, \_\_\_\_\_ states that the organizers started out as a group of therapists in all modalities who met and practiced their skills. She states that the organization's therapists are available, individually or collectively, for a fee and they volunteer as well. She states that Physisphere provides a service to individuals and institutions by designing a program for each based upon their desires. \_\_\_\_\_ states that Physisphere provides energy treatments, pastoral counseling, transition assistance, distance and situational healing and "ghost busting." \_\_\_\_\_ states that providing individualized service in all instances with special gifts and the Gregory Advanced Magnetic Therapy that works with the magnetic field within the body. The Gregory's specialties are cancer, HIV/AIDS and Epstein Bar.

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for, among others, charitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(4) of the Income Tax Regulations provides that in order to qualify for exemption under 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 such section. Failure to meet either the organizational or operational test will disqualify an organization from exemption under section 501(c)(3).

Section 1.501(c)(3)-1(b)(1)(i) of the regulations provides that, in general, an organization is organized exclusively for one or more exempt purposes only if its articles of organization (a) limit the purposes of such organization to one or more exempt purposes; and (b) do not empower the organization to engage, other than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes.

Section 1.501(c)(3)-1(b)(1)(iv) of the regulations provides that in no case shall an organization be considered to be organized exclusively for one or more exempt purposes; if, by the terms of its articles, the purposes for which such organization is created are broader than the purposes specified in section 501(c)(3).

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as

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"operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such 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(d)(1)(ii) of the regulations provides that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

Section 1.501(c)(3)-1(c)(2) of the regulations provides that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals.

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

Revenue Ruling 55-656, 1955-2 C.B. 262, provides that a community nursing bureau operated as a community project, which maintains a nonprofit register of qualified nursing personnel, including graduate nurses, unregistered nursing school graduates, licensed attendants and practical nurses, for the benefit of hospitals, health agencies, doctors and individuals, which receives its primary financial support from various community organizations and public contributions, qualifies for exemption under the provisions of section 501(c)(3) of the Code.

The revenue ruling describes an organization which was formed as a result of a study by the nursing council of a metropolitan area, a constituent agency of the health and welfare council of the area, in cooperation with civic and professional groups, to broaden the scope of services rendered by existing nurses' registers which was inadequate as a general community activity. The organization was established to operate a central directory of qualified nursing personnel, both professional and nonprofessional, in addition to the official nurses directory which continues to operate in the area. The organization is controlled by a board of directors drawn principally from public health and welfare organizations and the public at large.

The activities of the organization consist of operating a nonprofit registry for qualified nursing personnel. The organization receives applicants for registration, determines whether the applicants meet qualification standards, classifies and registers the applicants and assures a prompt supply of nursing personnel in response to calls from hospitals, doctors, health agencies and individuals.

Revenue Ruling 61-170, 1961-2 C.B. 112, provides that an association composed of professional private duty nurses and practical nurses which supports and operates a nurses' registry primarily to afford greater employment opportunities for its members is not entitled to exemption from federal income tax under section 501(c)(3) of the Code.

The organization described in the revenue ruling was incorporated as a nonprofit organization.

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for the general purpose of organizing private duty and practical nurses for their mutual benefit and in order to make their services more readily available when needed by the general public. The By-laws state that its specific purposes are to provide employment for its members as well as to organize an adequate and available nursing placement service for the community. The association is controlled by a board of trustees composed of professional nurses. The organization is operated as an employment agency for the benefit of its owners and as such is engaged in a regular business of a kind ordinarily carried on for profit and is rendering particular services for individual persons.

The situation in this revenue ruling is distinguishable from the situation in Revenue Ruling 55-656, described above, in that the organization in Revenue Ruling 55-656 was controlled and supported by the general public for the public benefit and did not exist primarily as an employment agency for the benefit of members.

Revenue Ruling 80-287, 1980-2 C.B. 185, provides that a separately incorporated nonprofit lawyer referral service does not qualify for exemption under section 501(c)(3) of the Code. The revenue ruling holds that although the lawyer referral service provides some public benefit, a substantial purpose of the program is promotion of the legal profession.

The organization described in the revenue ruling was created by several bar associations in a metropolitan area to provide a lawyer referral service. The organization aids persons who do not have an attorney by helping them select one. Any member of the public may visit or call the organization. The individual is screened to determine the area of law involved. From the list of attorneys maintained by the organization, an attorney specializing in the appropriate area of law is selected from within the geographical area selected by the client. The organization arranges an appointment for the individual with the attorney and the individual is asked to pay a nominal fee substantially less than the normal fee charged for a half-hour appointment. The attorney subsequently remits this fee to the organization. Any additional services performed by the attorney after the initial appointment are governed by a normal lawyer-client contractual relationship with which the organization has no connection.

Any attorney who is a member of one of the local bar associations may apply for placement on the referral list. Applicants are required to pay an application fee.

In addition to the referral fee, the organization also imposes a nominal service charge of one dollar (\$1.00) upon those who make use of its services. Any operating deficits are defrayed by the local bar association.

Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279 (1945), held, in part, that the presence of a single non-exempt purpose, if substantial in nature, will preclude exemption regardless of the number or importance of statutorily exempt purposes.

You are similar to the organizations described in Revenue Rulings 61-170 and 80-287 in that you are operated in a manner which benefits your creator and promotes your associates' energy therapy practices and services. For the same reasons, you are not similar to the organization described in Revenue Ruling 55-656.

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[REDACTED]

By seeking out health care organizations and offering your services and the services of your associate therapists to health care organizations such as hospitals, clinics, nursing homes, etc., encouraging your associate therapists to attend health fairs and other community activities to introduce themselves and their services to the public and by operating as an "umbrella" for your associate therapists you are operating similar to an employment agency for the benefit of your associate therapists. You are also operating to support the expansion of your associate therapists' private ventures. Consequently, you are operating primarily to serve the private interests of your associates rather than to serve the interests of the general public.

You have provided no documentary evidence of courses given, attendees, graduates, certificates awarded, clients served, contractual agreements with health facilities, patient consent forms, and data collected on clients.

Your activities to date benefit your President and your associates, who are "private shareholders and individuals" as defined in section 1.501(a)-1(c) of the regulations. Therefore, you are substantially serving private rather than public interests pursuant to section 1.501(c)(3)-1(d)(1)(ii) of the regulations, which also violates the prohibition against private inurement contained in section 501(c)(3) of the Code in the case of your President. You are, therefore, not organized and operated exclusively for charitable purposes as required under section 1.501(c)(3)-1(c)(1) of the regulations.

In addition to the above, your Articles of Incorporation do not limit your activities to those activities within section 501(c)(3) of the Code. One of your purposes in your Articles of Incorporation is to find outlets for trained therapists to work. The promotion of your associates' interests through the provision of employment services is not an exempt purpose within the meaning section 501(c)(3) of the Code. Therefore, your Articles of Incorporation do not meet the "purpose" requirement under section 1.501(c)(3)-1(b)(1)(i) of the regulations. Consequently, you fail to meet the organizational test under section 1.501(c)(3)-1(a)(1) of the regulations.

Based on the above, we conclude that you are neither organized nor operated exclusively for exempt purposes. Consequently, you do not qualify for exemption as an organization described in section 501(c)(3) of the Code and you must file federal income tax returns.

Contributions to you are not deductible under section 170 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 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 you do not protest this ruling in a timely manner, it will be considered by the Internal Revenue

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[REDACTED]

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 United States Court of Federal 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 we do not hear from you within 30 days, this ruling will become final and a copy will be forwarded to the Ohio Tax Exempt and Government Entities (TE/GE) 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, TE/GE 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  
[REDACTED], T:EO:RA:T:1  
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) Marvin Friedlander

Marvin Friedlander  
Manager, Exempt Organizations  
Technical Group 1

[REDACTED]

[REDACTED]