

Date: AUG 30 1996

801 North Robinson, Suite 939  
Oklahoma City, OK 73102

Person to Contact:  
[REDACTED]

Telephone Number:  
[REDACTED]

(Not Toll Free)

Employer Identification Number  
[REDACTED]

CSRTIFIED MAIL

Dear Sir or Madam:

We have considered your appeal of the adverse action proposed by your Key District. Your request for exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code is denied effective February 23, 1994.

You are not exempt under IRC 501(c)(6). You are required to file income tax returns on Form 1120 for the above years. You should file these returns with the Internal Revenue Service Center in your area within 30 days from the date of this letter, unless a request for extension of time is granted.

You do not meet the requirements under IRC § 501(c)(6) because you are composed of individual firms and corporations each representing a different trade, business or profession with no common business interest other than to maintain high visibility with the buying public. Your activities with respect to your members and your promotion of their products and services constitutes performance of services for each individual member.

You may direct your questions about the decision to the Appeals Officer whose name and telephone number are shown above.

Sincerely,

[REDACTED]

Associate Chief, Appeals

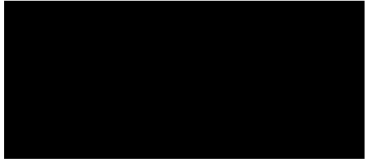
cc: [REDACTED]

Internal Revenue Service

District  
Director

Department of the Treasury

230 South Dearborn Street  
Chicago, Illinois 60694



Employer Identification Number:  
[REDACTED]

Person to Contact:  
[REDACTED]

Telephone Number:  
[REDACTED]

Refer Reply to:  
Internal Revenue Service  
P.O. Box A-3290 DPN 22-3  
Attn: Chief, EP/EO Review Staff  
Chicago, IL 60690

CERTIFIED  
Z 349 194 050

Date: FEB 14 1995

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.

The information submitted discloses that you were incorporated on [REDACTED] under the nonprofit corporation laws of the State of [REDACTED].

Your organization was formed to educate and gain additional consumer support for locally owned businesses via marketing derived from local media, government and cross business networking. You are composed of local business establishments of various trades and professions. The only requirement for membership is being a local business owner that supports promotional efforts through the media to bring greater consumer awareness and patronage.

Your activities consist of providing a radio program that gives information regarding issues and business concerns. The program broadcasts live from community businesses and provides promotional discounts and giveaways. You also conduct a nationwide referral service for all locally owned businesses highlighting membership discounts for consumers and promoting grand openings of local businesses. A discount card is given to loyal customers in appreciation for their continued support. By dialing an 800 number, the customer is provided with a list of the local businesses in their area.

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

EO: 7201: 9/8 ED: 7201 2/13/95 EP/EO: RS: 8/2: 2/13/95  
2-8-95

EP/EO: RS: 000  
[REDACTED]  
2-13-95

Section 1.501(c)(6)-1 of Income Tax Regulations reads as follows:

"BUSINESS LEAGUES, CHAMBERS OF COMMERCE, REAL ESTATE BOARDS AND BOARDS OF TRADE. A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same 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. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league. An association engaged in furnishing information to prospective investors, to enable them to make sound investments, is not a business league, since its activities do not further any common business interest, even though all of its income is devoted to the purpose stated. A stock or commodity exchange is not a business league, a chamber of commerce, or a board of trade within the meaning of section 501(c)(6) and is not exempt from tax. Organizations otherwise exempt from tax under this section are taxable upon their unrelated business taxable income. See sections 511 to 515, inclusive and the regulations thereunder.

The applicable Income Tax Regulations provide that organizations contemplated by Section 501(c)(6) of the 1986 Code are those whose activities are directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individuals. Therefore, an organization which directs a substantial portion of its overall activities to the issuance of advertising material containing listings of the names of individuals may be precluded thereby from qualification for exemption under Section 501(c)(6) of the Code.

Revenue Ruling 59-84, 1965-1 C.B. 201, provides that an organization operated primarily for the purpose of promoting, selling, and handling the national advertising in its member's publication is engaged in the performance of particular services for individual members as distinguished from activities for the improvement of the business conditions of its members as a whole and, therefore, is not entitled to exemption from Federal income tax as a business league.

Revenue Ruling 59-391, 1959-2 C.B. 151, provides that an organization which restricts its membership to individuals, firms, associations, and corporations, each representing a different trade, business, occupation, or profession, and which is organized for the purpose of exchanging information on business prospects, its members having no common business interest other than a desire to increase their individual sales, is not entitled to exemption from Federal income tax as a business league. Distinguished by Rev. Rul. 70-641, 1970-2 C.B. 119.

[REDACTED]

You do not qualify for exemption under Section 501(c)(6) of the Code because you are composed of individual firms and corporations each representing a different trade, business or profession with no common business interest other than to "maintain a high visibility with the buying public".

Your utilization of the media with high profile advertising campaigns to encourage consumer support of the products and services provided by your members constitutes a performance of particular services for individual members, which precludes exemption under Section 501(c)(6) of the Code.

Accordingly, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code. You are required to file Federal income tax returns on Form 1120, annually with your District Director.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

Please keep this determination letter in your permanent records.

If you agree with this determination, please sign and return the enclosed Form 6018.

If we do not hear from you within 30 days from the date of this letter, this determination will become final.

Signed:  
[REDACTED]  
District Director

Enclosures:  
Publication 892  
Form 6018