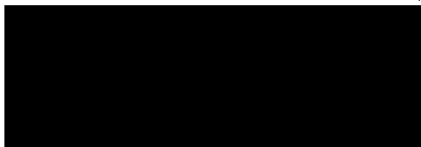


Internal Revenue Service

Department of the Treasury

Washington, DC 20224



Person to Contact: [Redacted]

Telephone Number: [Redacted]

Refer Reply to: CP: E: EO: R: 2

Date: MAR 28 1975

Employer Identification Number: [Redacted]
Key District Director: Southeast (Baltimore, MD)
Fiscal Year: December 31
Code Section Considered: Section 501(c)(19)
Filing Requirement: Form 1120

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(19) of the Internal Revenue Code and have determined that you do not qualify for exemption under this section. We have also considered your request for a group exemption under Revenue Procedure 80-27 and have declined to rule on this issue. The reasons for our conclusion and the facts upon which it is based are explained below.

The information submitted indicates that you were incorporated on [Redacted], under the laws of the State of [Redacted] in the name of the [Redacted]. You did not submit an incorporating document to show you were incorporated under the non profit laws of the State and for section 501(c)(19) purposes. You submitted your Form 1024 in the name of [Redacted] and [Redacted].

You stated in your application that you were a continuation of a valid and legal [Redacted], as recognized tax exempt under a group ruling issued to the [Redacted] in [Redacted]. The group ruling was revoked effective [Redacted].

With your application you submitted a Post Charter issued by the [Redacted] dated [Redacted]. The Charter had the name [Redacted] added in a different handwriting. In an undated letter received [Redacted], you stated that you were a new entity. You further added that the submission of

[REDACTED]

the Charter with [REDACTED]'s name was in error. You submitted a second charter with the same data, [REDACTED], without [REDACTED]'s name. You did not provide a charter or rsvalidation by the [REDACTED] [REDACTED] to indicate that you are now a valid Post of the Association.

With your application you submitted an undated copy of your by-laws. The by-laws provide that meetings will be held quarterly. The bylaws provide that the Post shall operate at all times in the best interest of the [REDACTED]. When asked for a copy of your Post resolution approving your by-laws you stated that you were providing the proper documentation. There was no resolution or minutes provided in your [REDACTED] letter as to when your Post approved your by-laws.

In your application you stated you have [REDACTED] members of whom [REDACTED] are present or former members of the U.S. Armed Services and [REDACTED] are cadets or spouses. You also stated that you have a Patron Booster Club of [REDACTED] members and a Ladies Auxiliary with [REDACTED] members. In response to a request for an explanation of the type of records you maintain to show the discharge status of your veteran members and their years of service; the status of your other members; and for a list of your members including Ladies Auxiliary and Patron Boosters with their addresses and service dates as applicable and designating whether they are members of the Post, Ladies Auxiliary or Patron Boosters, you provided an undated membership list. The membership list provided the membership number, the name, and the address. It did not provide information as to service dates, whether the member is of the Post, Ladies Auxiliary, or the Patron Boosters.

In your application you provided a partial list of officers. When asked for a complete list of officers you responded that a list was attached to your [REDACTED] letter. There was no list of officers submitted.

In response to a request for information regarding the Ladies Auxiliary's records, accounts, activities, and joint activities, you stated that you do not have joint activities at this time, but any activities would be together. In response to a request for the Auxiliary minutes for the past year, a copy of their charter, and a copy of their by-laws, you stated that you enclosed copies of the minutes, Charter, and by-laws for the Ladies Auxiliary. However, none was attached to the [REDACTED] letter.

In response to a question about the Ladies Auxiliary operating the canteen, you stated in the [REDACTED] letter:

[REDACTED]

"No canteen, small snack bar or drinks, candy and chips by Patron Booster. No Employees."

In response to a request for a detailed narrative description of all of your activities - past, present, and planned, including the purpose of the activity, where the activity is conducted, by whom the activity is conducted (Post, Auxiliary, Patron Booster), number of members conducting the activity, number of hours per month the activity is conducted, copies of publicity, and type of records maintained, you provided general comments. You stated:

"In the past, present, and future [REDACTED] will continue to aid and assist all veterans, widows, and orphans. Its purpose is as stated in the National Constitution and the Post bylaws.

You did not provide any of the specific information requested concerning your activities. You did not provide information regarding any activity other than to indicate you operate Bingo and hold a quarterly meeting with a social. In response to the request regarding number of members and type of members conducting each activity, you stated:

"At this time we have a total of [REDACTED] members, [REDACTED] Ladies Auxiliary and [REDACTED] Patron Boosters."

In response to a request for the number of hours per month each activity is conducted you responded:

"At this time each organization meets quarterly for Post meetings of approximately 2 hours and a 2 hour social "

You did not provide information regarding hours spent on other activities including bingo or define "each organization".

In response to a request for copies of publicity for your activities you stated "See bingo program." However, there was no program or publicity provided.

In the application you also indicated you had a trust or foundation for the benefit of the post. In the [REDACTED] submission, you stated that was an error and you did not have a trust or foundation.

In your application you indicated that you lease space and provided an unsigned warehouse lease agreement. When asked to describe the facility and explain what you use the space for and the activities conducted therein you stated you do not operate a

[REDACTED]

post home, but did not explain any other activities conducted in the leased space or describe the facility. You later stated that you have meetings for the Post and bingo are conducted at this facility. You did not provide a copy of the signed lease as requested. When asked how you determined the fair market value you stated the owner determined the fair market value.

When asked if you entertain non members in your facilities and whether this is a rental activity or an activity you conduct, you stated "Bingo is open to non-members." In response to a question as to whether you provide services if you rent you stated "For bingo sessions."

In response to a request for copies of any other contracts you stated there were none. Then you stated that all clean up is done by outside contractors. However, you also stated that you used only volunteers, no employees.

We specifically asked for copies of your meeting minutes. In your [REDACTED] letter you stated the minutes were enclosed, however, they were not attached to the letter.

In our letter of [REDACTED], we requested detailed financial statements showing a breakout of your income and expenses. We asked you to explain income and expenses attributed to the Ladies Auxiliary and Patron Boosters. The income statements indicated income from program fees. There was no indication that you received dues, income from the snack bar, or from donations. You did not indicate expenses attributed to the Post, Ladies Auxiliary, or Patron Boosters, even though you had stated the Booster operate a snack bar. You did not explain to whom and the amount of donations made.

In response to a request for a description of your financial record-keeping system and what documentation you require as to reimbursing expenses of third parties you stated:

Deposit slips and checks of disbursement. There are no third party expenses. Bingo reports are done and all monies after bingo winnings are deposited into Post account and all disbursements are made from the Post account for rent, utilities, insurance, etc.

In response to a question regarding payment of personal expenses of officers,, directors, and employees you stated:

We do not have a policy. There are no employees in our Post, however, even though we don't have a written

[REDACTED]

policy, we provide our Post Commander delegates with funds to attend the national Convention which consists of plane fare and hotel accommodations.

You did not provide a copy of your State bingo laws as requested in our [REDACTED] letter. Nor did you provide copies of any solicitation materials used in connection with your bingo operation. You stated that you did not have publicity for your bingo operation. When asked if there was any relationship between your officers, directors, and members (Patron Booster, Post, Ladies Auxiliary) and your bingo supplier, your lessor, and your equipment supplier you stated "No relationship, other than veterans and spouses and spouses of Auxiliary." You also stated that you did not have an agreement with your bingo supplier and equipment lessor.

Section 501(c)(19) of the Code describes a post or organization of past or present members of the Armed Forces of the United States, or an auxiliary unit or society of any such post as (a) organized in the United States, (b) at least 75 percent of the members of which are past or present members of the Armed Forces of the United States and substantially all of the other members of which are individuals who are cadets or are spouses, widows, widowers of past or present members of the Armed Forces of the United States or of Cadets, and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(19)-1(c) of the Income Tax Regulations provides that an organization described in section 501(c)(19) of the Code must be operated exclusively for one or more of the following purposes: (1) To promote the social welfare of the community as defined in section 1.501(c)(4)-1(a)(2) of the regulations, (2) To assist disabled and needy war veterans and members of the United States Armed Forces and their dependents, and the widows and orphans of deceased veterans, (3) To provide entertainment, care, and assistance to hospitalized veterans or members of the Armed Forces of the United States, (4) To carry on programs to perpetuate the memory of deceased veterans and members of the Armed Forces and to comfort their survivors, (5) To conduct programs for religious, charitable, scientific, literary, or educational purposes, (6) To sponsor or participate in activities of a patriotic nature, (7) To provide insurance benefits for their members or dependents of their members or both, or (8) To provide social and recreational activities for their members.

Harding Hospital, Inc. v. United States, 505 F2d 1068 (1974), holds that an organization seeking a ruling as to recognition of

[REDACTED]

its tax exempt status has the burden of proving that it satisfies the requirements of the particular exemption statute. Whether an organization has satisfied the operational test is a question of fact. See also Christian Stewardship Assistance, Inc. v. Commissioner, 69 T.C. 1037, 1042 (1978).

An organization described in section 501(c)(19) of the Code carries out activities in furtherance of its exempt purposes when, and only when the activities are carried out exclusively in furtherance of the purposes listed in section 1.501(c)(19)-1(c) of the regulations. All facts must be reviewed to determine whether or not an organization is primarily engaged in section 501(c)(19) activities.

We have requested detailed information regarding your activities, finances, and a description of your charitable programs. You have not provided information to describe your activities other than to state you conduct bingo and hold quarterly meetings. You were not fully responsive to questions regarding your bingo activity including how many volunteers were involved and the hours of each volunteer. You also provided conflicting information and/or incomplete information.

You did not provide documentation that you are incorporated as a non profit veterans organization.

You have not provided information regarding post activities other than to show that you operate a substantial bingo operation open to the general public. You did not provide a detailed description of activities, the number of members involved in each activity, nor the number of hours spent in each activity. The only veterans activities you described were membership meetings and your National Convention. You did not provide copies of your meeting minutes.

You did not describe your income. You did not show you received dues or bingo income on your financial statement. You did not describe to whom the funds were paid or the purpose. You did not show how or whom made decisions regarding expenses including to whom you would donate funds.

Based on the information you have submitted, you have not established that you are operated primarily for section 501(c)(19) purposes. You have not shown that your primary activity is not the operation of bingo games open to the general public.

Accordingly, you are not exempt under section 501(c)(19) of the Code. Contributions to you are not deductible under section

170 of the Code.

Rev. Proc. 80-27, 1980-1 C.B. 677 provides procedures under which recognition of exemption from section 501(c) of the Code may be obtained on a group basis for subordinate organizations affiliated with and under the general supervision and control of a central organization. A central organization must obtain recognition of its own exempt status.

Rev. Proc. 96-4, 1996-1 I.R.B. 94, at section 8 provides that the Service may decline to issue a ruling or a determination letter whenever warranted by the facts or circumstances of a particular case.

The issuance of a group ruling is for the convenience of the government. Before a group ruling may be issued, assurances must be made that the subordinate units' primary activities are exempt function activities. You have indicated your subordinate units will be conducting some form of gambling. Based upon the information available and even if you had been recognized as tax exempt, it could not be determined if this will be the subordinate units' primary activity. You have not described your control over the subordinates units that assures the subordinates will meet their filing requirements and activity requirements as required under the Code. Therefore, even if you had been recognized as tax exempt under section 501(c)(19) we would decline to issue a group ruling holding that you and your subordinates are exempt under section 501(c)(19) of the Code.

You are required to file federal income tax returns, Form 1120, for all tax years since January 1, 1990 (the date the national organization's tax exempt status was revoked). You should file these returns with your key District Director within 30 days from the date of this letter. Returns for later tax years should be filed with the appropriate service center as indicated in the instructions for those 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, 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.

[REDACTED]

You will expedite our receipt of your reply by using the following address on the envelope:

Internal Revenue Service
CP:E:EO:R:2 Rm 6236
Attn: [REDACTED]
1111 Constitution Ave. N.W.
Washington, DC. 20744
FAX: (202) 622-5797

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director. Thereafter, any questions about your federal income tax status should be addressed to that office.

Sincerely yours,

Signed [REDACTED]

[REDACTED]
Chief, Exempt Organizations
Technical Branch 2

bcc: District Director,
Southeast Key District
bcc: State Officials

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer
Code	CP:E:EO:T:2	CP:E:EO:T:2			
SU Name	[REDACTED]	[REDACTED]			
Date	3/27/96	3-28-96			