

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 1680, GPO Brooklyn, N.Y. 11202

JUN 20 1961

Date:

[Redacted]

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Ladies and Gentlemen:

We have completed consideration of your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information presented disclosed that you were established [Redacted], and you are not formed for any purpose other than the sole purpose of assisting [Redacted], who was critically injured in an automobile accident [Redacted].

Your activities include various methods of fundraising, the proceeds of which will be placed in a high yield account. You limit your benefits and services to Elizabeth Haina.

Section 501(c)(3) of the Internal Revenue Code provides, in part, for the exemption of organizations organized and operated exclusively for charitable or educational 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(c)(2) of the Income Tax 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(c)(3)-1(a) of the income tax regulations provides that in order to be exempt as an organization described in section 501(c)(3), the organization must be one that is both organized and operated exclusively for one or more of the purposes specified in that section. An organization that fails to meet either the organizational or the operational test is not exempt.

Carrie A. Maxwell Trust, Pasadena Methodist Foundation v. Commissioner, 2 TCM 905 (1943) held that a trust set up for the benefit of an aged clergyman and his wife was not an exempt organization. Despite the fact that the elderly gentleman was in financial need, this was a private trust, not a charitable trust.

Revenue Ruling 57-449, 1957-2 C.L. 622 held that a trust to pay a certain sum to all the individuals enrolled in a certain school on a particular date was a private trust, not a charitable trust since the beneficiaries were a group of identifiable individuals.

The information available demonstrates that, like the organization described in Revenue Ruling 57-449, you are a private trust and not a public trust. You are organized for the benefit of a specific person, namely [REDACTED], not for an indefinite class of individuals. Your net earnings inure to the benefit of [REDACTED], a private individual. Thus you fail both the organizational and operational test, and do not qualify for exemption under 501(c)(3).

Accordingly, we conclude that you are not organized or operated exclusively for purposes described in section 501(c)(3). Therefore, you are not exempt from Federal income tax under that section.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

Contributions made to you are not deductible by the donors as charitable contributions as defined in section 170(c) of the Code.

If you do not agree with this determination you may protest in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time this determination will be considered final and the appropriate State Officials will be notified.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue 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 Claims Court,

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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."

Sincerely yours,

A solid black rectangular redaction box covering the signature of the District Director.

District Director

Enclosure: Publication 892