

[REDACTED]

CERTIFIED MAIL

[REDACTED]

[REDACTED]

[REDACTED]

JUL 25 1986

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code.

You were incorporated in the State of [REDACTED] on [REDACTED] under the name of [REDACTED]. On [REDACTED] you amended your Articles to reflect your current name and new purposes.

The purposes as stated in your Articles are to engage in educational, scientific, non-profit charitable activities and to provide assistance to small disadvantaged and economically deprived minority owned businesses.

Your activities consist of networking to aid start-up businesses and help growth companies. You state you will organize workshops, seminars, contract conferences and conventions. You will provide mailing lists, contacts, referrals, library, specialized packaged programs and a full-time staff. You have now initiated a cable program to enlighten the general public. You maintain a data base for members to contact new markets and provide referral services, mailing services and conventions to secure new markets for members. Your leads referral program provides a finder's fee to a non-member or member. The non-member may alternatively choose to become a member and participate in contract negotiations for services to be performed. Members may also select to participate in negotiations rather than accept the finders fee. Your newsletter provides information and contacts. New members receive one free advertisement.

Your income is derived from membership dues and assessments. The expenses of your organization as stated in your financial projection consist of, printing, postage, duplicating, and other administrative outlays. A reserve figure of [REDACTED]% of gross is also included in your expenses.

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Code	[REDACTED]	[REDACTED]	[REDACTED]				
Surname	[REDACTED]	[REDACTED]	[REDACTED]				
Date	7/21/86	7/21/86	7/25/86				

The membership of the organization is composed of basically four classes of members:

- (a) Affiliate = Sole Proprietor
Principal Owner of a Corporation
All Types of Partnerships
Major Stockholder of a Corporation
- (b) Individual = White Collar Worker
Blue Collar Worker
- (c) Corporate = Defined as a corporation with more than (50) employed staff.
- (d) Associate = Defined as a non-profit organization.

Membership fees are established by classification of membership and in the case of category (a) by number of personnel involved.

Section 501(c)(6) of the Internal Revenue Code of 1954 provides for exemption from Federal income tax of business leagues, chamber of commerce, real estate boards, boards of trade not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations provides that in general 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. Its activities should be directed to the improvement of business as distinguished from the performance of particular services for individual persons. Even though the business of an organization is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, it is not a business league.

In Revenue Ruling 59-391, Cumulative Bulletin 1959-2, page 151 there is an organization described as composed of individuals, firms, association, and corporations, each representing a different trade, business, occupation or profession. The organization was created for the purpose of exchanging information on business prospects and has no common business interest other than a desire to increase sales of members.

The cited organization holds regular meetings, operates a central information service for the exchange, among members, of business information, encourages member cooperation and business efficiency and operates an information service relating to sales and sales prospects. The organization was held not to be

[REDACTED]

entitled to exemption from Federal income tax as a business league under section 501(c)(6) of the Internal Revenue Code since it was concluded that the members of the organization have no common business interest other than a mutual desire to increase their individual sales.

Similar to the organization described in Revenue Ruling 59-391, your organization performs basically the same type of services for the same type of diverse businesses. Consequently, it is concluded that you are not operating within the intent of section 501(c)(6) of the Code.

Based on the above, we hold that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(6) of the Code. You are also not qualified for exemption under any related paragraph of section 501(c) of the Code.

Since you have not been granted tax-exempt status you are required to file Federal income tax returns.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional office conference staff. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional office, or if you request, at any mutually convenient District office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]

[REDACTED]

District Director

Enclosure: Publication 892