

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 2508
Cincinnati, OH 45201

Person to Contact:

Telephone Number:

Refer Reply to:

EP/EO

Date:

OCT 24 1986

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code of 1954 and its applicable Income Tax Regulations. Based on the available information, we have determined that you do not qualify for the reasons set forth on Enclosure I.

Consideration was given to whether you qualify for exemption under other subsections of section 501(c) of the Code and we have concluded that you do not.

As your organization has not established exemption from Federal income tax, it will be necessary for you to file an annual income tax return on Form 990. Contributions to you are not deductible under section 170 of the Code.

If you are in agreement with our proposed denial, please sign and return one copy of the enclosed Form 6018, Consent to Proposed Adverse Action.

You have the right to protest this proposed determination if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law and other information to support your position as explained in the enclosed Publication 892, 'Exempt Organizations Appeal Procedures for Unagreed Issues'. The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office, or, if you request, at any mutually convenient District Office. If you are to be represented by someone who is not one of your principal officers, he or she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in Section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

[REDACTED]

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 7433(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 Tax Court of the District of Columbia, 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 the time specified, this will become our final determination. In that event, appropriate State officials will be notified of this action in accordance with the provisions of section 4105(c) of the Code.

Sincerely yours,

[REDACTED]
[REDACTED]
District Director

Enclosures: 3

cc: [REDACTED]

[REDACTED]
Information submitted with your application shows that you were incorporated [REDACTED]. Your articles of Incorporation state that your purpose is:

To educate its members and the public about issues, events, organizations, individuals, etc., concerned with peace, primarily through classes, seminars, and workshops and through the organization's newsletter.

Prior to your incorporation, your activities were carried on by [REDACTED] and included publishing a newsletter and soliciting contributions.

Your Revised Bylaws state that your officers shall be selected by your members. [REDACTED] is your only member and your Director. He is also the only person carrying out your activities. He receives a salary of \$[REDACTED] plus a \$[REDACTED] commission for every \$[REDACTED] newsletter subscription he sells. Subscriptions are sold through personal contact and advertising.

You stated that you were not active in [REDACTED]. Your proposed activities include publishing a newsletter (the "[REDACTED]"), soliciting newsletter subscriptions, giving talks about your organization, producing promotional materials, producing a public access cable TV program and writing articles for various publications. You stated that general advocacy of involvement is an underlying theme of all of your work. You will advocate that people get involved in politics but will not support specific candidates. You will do this through miscellaneous literature you intend to sell and in workshops you will conduct. You will conduct research on people's attitudes towards peace to counter their feelings of inability to make changes in society by researching and writing about historical precedents for large-scale changes in society occurring over a short period of time, and for small numbers of people having significant impact on social issues. You anticipate conducting face-to-face surveys in public places (campus building lobbies, shopping malls, etc.) with the possibility of some telephone surveys. Questions might include: "How likely do you feel a nuclear war is in your lifetime?" "How do you think such a war might start?" "Do you believe there's anything you personally can do about it?" "What do you think you might be able to do?" The results would likely be reported in anecdotal fashion.

Workshops will generally be full-day Saturday sessions or three-hour evening sessions which you refer to as classes. You stated that they will be more process than content oriented. The emphasis will be on the experience of workshop participants, not on transmission of information from "teacher" to "student". Group activities such as brainstorming, discussion, and movement and imagination exercises will be emphasized. Lectures will constitute a small portion of the activity. Workshops will be divided into three sections.

[REDACTED]

In Part I, Background, participants will be encouraged to share their feelings about their feeling the world. Some formats will include: (1) Participant like teens having with the group something they recently experienced that made them feel happy to be alive; then something that made them feel pain for the world. (2) Participants are asked to pay attention to the feelings that emerge within them when they think about the possibility of nuclear war. (3) Participants will stroll about on a busy city street. They are asked to pair off, and think about the possibility the r partner could die in a nuclear war. No words are exchanged.

In Part I, The Turning, a bridge will be build between Part I and Part III. Some activities that may be included in this part: (1) Participants are asked to brainstorm on the 'modes of thinking' that underlie the arms race. (2) Participants are introduced to the authoritarian personality as presented in psychological/sociological literature, and discuss how traits of the authoritarian personality might play a role in the arms race. (3) Participants are introduced to alternative perceptions of power, and group discussion focuses on how these alternatives apply to our society and might help or hinder finding solutions to world crises.

In Part III, Empowerment, activities are designed to help participants increase their sense of efficacy in the world, their ability to make a difference in important global issues. Examples: (1) Participants build mental images of a day when the world no longer faces the threat of nuclear destruction. (2) Participants recall times in their lives when they felt personally powerful, and then imagine themselves feeling the same way while dealing with global issues. (3) Participants use brainstorming to break down large global issues into smaller and smaller segments, until they've arrived at activities they can undertake right away, immediately following the workshop, to help them learn to break down seemingly overwhelming issues into manageable segments. (4) Depending on the desires of the group, workshops might include segments on skill building. Examples: conflict resolution skills, persuasion skills, writing effective letters to the editor. Because of the heavy emphasis on group participation, topics and tenor of the workshops will vary widely as participants add their viewpoints. The aim is to provide a format that is accessible to people of widely divergent views and styles. The workshops will not advocate support of particular political parties, particular candidates for public office, or particular piece of legislation. Workshop fees will be based on the presenter's fee.

The '[REDACTED]' you submitted includes these types of articles:

1. Now there's draft UN-registration! - [REDACTED]
[REDACTED] has made available an un-registration form similar to the Selective Service form

[REDACTED]

for registering. Un-Registration Card Selective Service System - To the Director of Selective Service: Please cancel my registration with Selective Service. I object to draft registration and the prospect of a draft and U.S. intervention. When you plan for a return to the draft, count me out.

2. Freeze petition a plea to [REDACTED] a Freeze supporter in the past, reportedly has said recently that the Freeze is "dead," in part because his office does not get much mail supporting it. ([REDACTED] has since reiterated his support for the Freeze.) Write Rep. [REDACTED] at House of Representatives, Washington, DC 20515.
3. Resources for Peacemakers:
 - a. War Tax Resistance slide show, brochures, poster kit on refusing to pay share of taxes that goes to armaments.
 - b. How to Influence Congress organizing guide booklet has good info on letter-writing campaigns.
 - c. Newsletter tells draft resistance news in [REDACTED] and nationwide. Donation: [REDACTED].
4. Calendar:
 - a. Every Monday, [REDACTED]: Vigil at [REDACTED] where engines for cruise missiles are made.
 - b. (Hiroshima bombing 40th anniversary) [REDACTED]: [REDACTED] demonstration at [REDACTED] cruise missile engine maker. In concert with events at other cruise missile locations.
 - c. Osooda: Vigil at [REDACTED] (cruise missile site).

You will be financially supported by contributions from your readers and other interested parties, membership dues, newsletter subscriptions and workshop fees.

Section 501(c)(3) of the Code provides, in part, for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, religious 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(b)(1) of the Regulations states that in order to qualify under section 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more exempt purposes. If an organization fails to meet either the organizational or operational test, it is not exempt.

The organizational test relates solely to the terms of the articles of organization (Regs. 1.501(c)(3)-1(b)(1)).

Section 1.501(c)(3)-1(b)(1)(i) of the Regulations states that 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 expressly empower the organization to engage, otherwise 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)(4) of the Regulations states that an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. An organization's assets will be considered dedicated to an exempt purpose, for example, if, upon dissolution, such assets would, by reason of a provision in the organization's articles or by operation of law, be distributed for one or more exempt purposes, or to the Federal government, or to a State or local government, for a public purpose.

Section 1.501(c)(3)-1(c)(1) of the Regulations states that an organization will be regarded as "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.

Section 1.501(c)(3)-1(d)(3)(i) of the Regulations provides that the term "educational", as used in section 501(c)(3), relates to:

- (a) the instruction or training of the individual for the purpose of improving or developing his capabilities; or
- (b) the instruction of the public on subjects useful to the individual and beneficial to the community.

An organization may be educational even though it advocates a particular position or viewpoint so long as it presents a sufficiently full and fair exposition of the pertinent facts as to permit an individual or the public to form an independent opinion or conclusion. On the other hand, an organization is not educational if its principal function is the mere presentation of unsupported opinion.

[REDACTED]

In Revenue Ruling 75-384, 1975-2 C.B. 204, a nonprofit organization formed to promote world peace and disarmament by nonviolent direct action including acts of civil disobedience was held not exempt from Federal income tax. The purposes of the organization were to educate and inform the public on the principles of pacifism and nonviolent action including civil disobedience. Its primary activity was sponsoring protest demonstrations and nonviolent action projects in opposition to war and preparations for war. Protest demonstrations were conducted at military establishments, Federal agencies, and industrial companies involved with military and defense operations. Other activities consisted of peace marches and protests against the use of tax monies for war purposes. The protest demonstrations constituted the primary activity of the organization. They were designed to draw public attention to the views of the organization and to exert pressure on governmental authorities. To derive the maximum publicity of an event, demonstrators were urged to commit acts of civil disobedience. Participants deliberately blocked vehicular or pedestrian traffic, disrupted the work of government, and prevented the movement of supplies. These activities were violations of local ordinances and breaches of public order. Incidental to demonstrations, leaflets were dispersed presenting the views of the organization.

As a matter of trust law, one of the main sources of the general law of charity, no trust can be created for a purpose which is illegal. The purpose is illegal if the trust property is to be used for an object which is in violation of the criminal law, or if the trust tends to induce the commission of crime, or if the accomplishment of the purpose is otherwise against public policy. IV Scott on Trusts Sec. 377 (3d. ed. 1967). Thus, all charitable trusts (and by implication all charitable organizations, educational or otherwise, regardless of their form) are subject to the requirement that their purposes may not be illegal or contrary to public policy. This principle has been stated as follows in the Restatement (Second), Trusts (1959) Sec. 377, Comment c:

A trust for a purpose the accomplishment of which is contrary to public policy, although not forbidden by law, is invalid.

In Revenue Ruling 75-384, it was determined that the organization induced or encouraged the commission of criminal acts by planning and sponsoring such events. The intentional nature of this encouragement precluded the possibility that the organization might unfairly fail to qualify for exemption due to an isolated or inadvertent violation of a regulatory statute. Its activities demonstrated an illegal purpose which was inconsistent with charitable ends. Moreover, the generation of criminal acts increases the burdens of government, thus frustrating a well recognized charitable goal, i.e., relief of the burdens of government. Accordingly, the organization was not operated exclusively for charitable purposes and did not qualify for exemption from Federal income tax under section 501(c)(3) of the Code. The organization was also held not exempt under section 501(c)(4) of the Code because it was not operated

...the promotion of social welfare. Its alleged objectives, which included the minimum standard of acceptable conduct required by the preservation of an orderly society, were contrary to the common good and the general welfare of the people in a community, and thus uses and promotes this means of promoting the social welfare for purposes of section 501(c)(4) of the Code.

The language in your Articles of Incorporation, which states which purposes do not limit your purposes to one or more exempt purposes, nor does it dedicate your assets to an exempt purpose. Your purpose is not sufficiently limited to exempt purposes within the meaning of section 501(c)(3) of the Code. The proposed amendment to your Articles of Incorporation has not been filed with the appropriate state officials. Therefore, it does not amend your original Articles of Incorporation. Accordingly, you are not organized exclusively for one or more purposes specified in section 501(c)(3) of the Code, and you do not meet the organizational test.

You claim that you were formed to educate your members and the public about issues concerned with peace through classes, seminars, workshops, and the publication of your newsletter. However, you do not adhere to the educational methodology guidelines of section 1.501(c)(3)-(d)(3) of the Regulations. The methods you use to "educate" the public do not present a full and fair exposition of the pertinent facts sufficient to permit an individual or the public to form an independent opinion or conclusion. The material you disseminate does not contain a full documentation of the facts relied upon to support conclusions contained therein. The activities you conduct promote protests against the use of tax monies for war purposes, they promote draft resistance, and they promote civil disobedience. By encouraging civil disobedience, resistance to the draft, and the payment and use of tax monies for war purposes, you are violating public policy. Your rhetoric expounds revolution. Revolution is not a subject useful to the community within the meaning of section 1.501(c)(3)-(d)(3)(i)(b) of the Regulations. Your activities demonstrate an illegal purpose which is inconsistent with charitable ends. In addition your publication of the newsletter is conducted in a manner indistinguishable from a commercial publication. Your sole member and director pays himself a salary of \$[REDACTED] plus a 2% commission for every \$[REDACTED] newsletter subscription he sells. He solicits subscriptions through personal contact, advertising, and direct mail solicitation. Since you are not engaged in activities which accomplish an exempt purpose, you do not meet the operational test.

Accordingly, you do not qualify for exemption from Federal income tax under the provisions of section 501(c)(3) of the Code, nor do you qualify for exemption under any other section of the Code.