

Internal Revenue Service

Department of the Treasury

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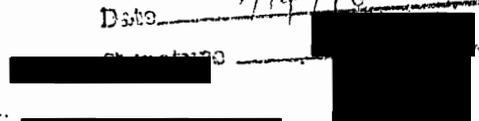
Washington, DC 20224

Date

2/14/96



Person to Contact:



Telephone Number:



Refer Reply to:



2/14/96

Date:

JAN 5 1996

Employer Identification Number: [Redacted]

Key District: [Redacted]

Dear Applicant:

This is in reference to your application for recognition of exemption under section 501(c)(3) of the Internal Revenue Code.

The information you submitted indicates that you were incorporated on [Redacted]. Your Articles of Incorporation state your purposes as:

1. To develop economic strategies, economic policy choices, and operational programs and systems that strengthen, improve, and sustain the job creation, business expansion, income distribution, asset distribution, and wealth distribution capacities and capabilities of the economy of [Redacted] (the "City") and the surrounding region.
2. To mobilize, organize, and deploy the critical mass of human capital, social capital money capital, technology and management expertise required to enable the citizens who live and work in the City, and other Americans to reinvest and transform the economy of the City in a manner that will provide all of the residents of the City with an equitable share of the opportunities and benefits produced by a dynamic economy.
3. To design and execute strategies and programs to encourage and significantly expand and sustain the participation of African American/Hispanic Americans/Asian Americans, and the poor in the U.S. capitalist economic system, and its free enterprise

marketplace as investors, asset owners, employers, entrepreneurs, and as producers of goods and services.

4. To design and conduct pilot and demonstration programs to develop and prove innovative methods, systems, and techniques that will improve the efficiency, growth and dynamism of the economy of the City; and increase the diversity of ownership of local and regional business concerns and industries.

5. To conduct a continuing program of research and analyses in the fields of economic policy, economic development, industrial sectors, technology, business, finance and related areas. Broadly publicize the outcomes and public policy implications of this research effort.

6. To develop and implement a program of public information and education regarding the programs and activities of the Partnership.

7. To espouse and promote a philosophy of development based on the following principles:

a. Development is fundamental charge in the economic decision making, economic arrangements, economic resource allocation, and use of economic power between the haves and have-nots in a society.

b. Development strategies and programs must be equity loaded in favor of the have-nots; and

c. The development dynamic must be sustainable by those on the lower levels of the social and economic ladder in a society.

You are not fully operational and in your application form you indicated that your planned activities will be initiated in [redacted] and [redacted] of [redacted]. Your planned activities are: (A) Economic and Social Policy Research and Development, (B) Industrial and Business Research Development, (C) Institutional Capacity Building, and (4) Public Information and Education.

In a letter dated [redacted], we requested additional information, in particular, that you describe the specific activities you have conducted and will be conducting for our

better understanding of your methods, guidelines, criteria, and procedures you have implemented or will implement to carry out your objectives. We received your letter dated [REDACTED], responding to our request for additional information. However, your response failed to provide any specifics with no substantial difference from the vague information you provided in your original application form. Again, you provided only general information without specifics of your plan to help the poor and economically disadvantaged residents of the District of Columbia, your targeted area. Also, you have not implemented any of your "planned activities" and pushed forward their initiation to [REDACTED] or [REDACTED] of [REDACTED].

In your submitted budget you have allocated a substantial percentage of your funds for compensation. When asked for specifics, such as the persons who would be compensated, the duties each will perform, and the percentage of time each will devote to the organization, your response did not provide the requested information but instead you to choose to submit a revised budget showing a reduction in the amount allocated for compensation and shifting the exact amount of reduction to "other expenses."

Rev. Proc. 90-27, 1990-1 C.B. 514 sets forth procedures with regards to applications for recognition of exemption. An organization must establish that it meets the particular requirements of the section under which exemption is claimed.

Section 5.02 of Rev. Proc. 90-27, provides that exempt status will be recognized in advance of operations if proposed operations can be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirement of the section under which exemption is claimed. A mere restatement of purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement. The organization must fully describe the activities in which it expects to engage, including the standards, criteria, procedures or other means adopted or planned for carrying out its activities. Where the organization cannot demonstrate to the satisfaction of the Service that its proposed activities will be exempt, a record of actual operations may be required before a ruling or determination will be issued. In those cases where an organization is unable to describe fully its purposes and activities, a refusal to issue a ruling or determination letter will be considered an initial adverse determination to which administrative appeal or protest rights will be afforded.

In the information you have submitted you failed to sufficiently describe your proposed activities. Because you failed to demonstrate that you will be operated exclusively in furtherance of an exempt purpose under section 501(c)(3) of the Code, we rule that you have failed to establish exemption pursuant to section 5.02 of Rev. Proc. 90-27.

Therefore there is insufficient information on which to base a conclusion that you qualify for exemption under section 501(c)(3) of the Code.

Contributions to you are not deductible under section 170 of the Code.

You are required to file federal income tax returns by using Form 1120.

You have the right to protest our ruling if you believe that it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement must be submitted within 30 days of the date of this letter and must be signed by one of your officers. You also have a right to a conference in this office after your statement is submitted. If you want a conference, you must request it when you file your protest statement. If you are to be represented by someone who is not one of your officers, he/she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements.

If you do not protest this ruling 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 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, 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 30 days, this ruling will become final and copies will be forwarded to your key District Director in Baltimore, Maryland. Thereafter, if you have any questions about your federal income tax status, including questions concerning reporting requirements, please contact your key District Director.

[REDACTED]

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The appropriate State Officials will be notified of this action in accordance with section 6104(c) of the Code.

Sincerely,

[REDACTED]

[REDACTED]

Chief, Exempt Organizations  
Technical Branch 3

copy: DD, Southeast KDO  
Attn: Chief, EP/EO Division