

[Redacted]

[Redacted]

[Redacted]

[Redacted]

JUN 5 1986

Dear Mr. or Madam:

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

The data you submitted shows that you were incorporated [Redacted] under the non-profit laws of the State of [Redacted].

Your purposes as stated are exclusively educational, i.e. provide information to the public and to professionals for planning investments and information on the different types of investments available, to provide the services necessary to help investors make investment decisions and to provide information and services on "how to do-it-yourself" in any field where it is possible.

Your activities include providing assistance and counseling for clients on management, investing, retirement planning, estate planning and business management. Your clients range from individuals and professionals, to large financial institutions. The literature you submitted indicates you include Hawaiian cruises and trips to Hong Kong as part of your seminars. One brochure, submitted by you, shows that on a seven day cruise; only 25 hours were devoted to educational seminars. Your literature also indicates that shore excursions and shopping trips are included.

Section 501(c)(3) of the Code provides exemption for:

"Corporations...organized and operated exclusively for religious, 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(b)(1)(i) of the Income Tax Regulations provides that an organization is organized exclusively for one or more exempt purposes only if its Articles of Organization -

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
		[Redacted]	[Redacted]				
Surname		[Redacted]	[Redacted]				
Date		6-4-86	6-4				



(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(c)(1) of the Income Tax Regulations provides 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)..."

Section 1.501(c)(3)-1(d)(1)(i) of the Income Tax Regulations provides that all the organizations there described must serve a public rather than a private interest.

"(i)(1) In order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt."

"(i)(1) Primary activities. 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). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose."

"(d)(1)(ii) An organization is not organized or operated exclusively for one or more of the purposes specified in subdivision (i) of this subparagraph unless it serves a public rather than a private interest. Thus, to meet the requirement of this subdivision, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests."

Revenue Ruling 76-442 76-1, C.B. 148 states that a nonprofit organization whose primary activity is offering free legal services for personal tax and estate planning does not qualify for exemption. Aiding individuals in tax and estate planning is not a charitable activity in the generally accepted legal sense. The organization is providing commercially available services to individuals. Like the organization in Revenue Ruling 76-442, you are providing individuals with tax, insurance, estate, business and other financial plan which serves a private purpose.

Revenue Ruling 77-306, 1977-1 C.B. 192, states that a nonprofit organization that arranges cruises during which religious and educational activities are conducted in addition to extensive social and recreational activities does not qualify for exemption.

If the organization Revenue Ruling 77-306, a substantial amount of your activities are devoted to social and recreational activities.

On the basis of the information submitted, we conclude that you are not exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. You are required to file Form 1120, Federal Income Tax Return for corporations.

If you do not agree with these conclusions, you may, within 90 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 90 days of the date of this report or letter, this proposed determination will become final.

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 7429(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 Court of Claims, 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 this determination letter becomes a final determination, we will notify the appropriate State Officials, as required by section 6104(c) of the Code, that based on the information we have, we are unable to recognize you as an organization of the type described in Code section 501(c)(3).

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible. You should also file the enclosed Federal income tax return(s) within 90 days with the Chief, Employee Plan/Exempt Organization Division 1100 Commerce, Dallas, Texas 75242.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely,

Enclosures:

Publication 892  
Form 6018  
Form 1020  
Form 1024

District Director