DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Release Number: **201323024**
Release Date: 6/7/2013
Date: March 12, 2013
Uniform Issue List Numbers:

501.00-00
501.03-00

Contact Person:

Identification Number:

Contact Number:

Employer Identification Number:

Form Required To Be Filed:

Tax Years:

Dear :

This is our final determination that you do not qualify for exemption from Federal income tax as an organization described in Internal Revenue Code section 501(c)(3). Recently, we sent you a letter in response to your application that proposed an adverse determination. The letter explained the facts, law and rationale, and gave you 30 days to file a protest. Since we did not receive a protest within the requisite 30 days, the proposed adverse determination is now final.

You must file Federal income tax returns on the form and for the years listed above within 30 days of this letter, unless you request an extension of time to file. File the returns in accordance with their instructions, and do not send them to this office. Failure to file the returns timely may result in a penalty.

We will make this letter and our proposed adverse determination letter available for public inspection under Code section 6110, after deleting certain identifying information. Please read the enclosed Notice 437, *Notice of Intention to Disclose,* and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Notice 437. If you agree with our deletions, you do not need to take any further action.

If you have any questions about this letter, please contact the person whose name and telephone number are shown in the heading of this letter. If you have any questions about your Federal income tax status and responsibilities, please contact IRS Customer Service at

1-800-829-1040 or the IRS Customer Service number for businesses, 1-800-829-4933. The IRS Customer Service number for people with hearing impairments is 1-800-829-4059.

Sincerely,

Holly O. Paz
Director, Rulings and Agreements

Enclosure
Notice 437
Redacted Proposed Adverse Determination Letter
Redacted Final Adverse Determination Letter

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Date: December 21, 2012

Contact Person:

Identification Number:

Uniform Issue List Numbers:

Contact Number:

501.00-00
501.03-00
501.03-30

FAX Number:

Employer Identification Number:

Legend

B =
C =
"You" or P =
M =
Letter 1 =
Letter 2 =
Letter 3 =
Letter 4 =
Letter 5 =
Letter 6 =

Dear :

We have considered your application for recognition of exemption from Federal income tax under Internal Revenue Code section 501(a). Based on the information provided, we have concluded that you do not qualify for exemption under Code section 501(c)(3). The basis for our conclusion is set forth below.

Facts

You are organized as a nonprofit public benefit corporation under state law. According to your articles of incorporation, your purpose is to engage in any charitable purpose as that term is defined under § 501(c)(3) of the Internal Revenue Code.

Your application's "Narrative Description of Activities" states, in its entirety, that you "will receive funds from donors and provide financial assistance to organizations that are exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code and listed in IRS Publication 78." Later in the application, you answered "No" to the question of whether you will maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds. Yet later you revealed that "donors will be given the option of specifying a category of charitable aid that their donations will be used for, but will not be able to select any specific organization to receive their funds." This statement was then contradicted a few lines later by the statement that "some of the recipients will be chosen by the donors of funds to P. A committee comprised of the board of directors and unbiased advisors will select the other recipients." You provided no documentation (such as advertising, handbooks, written donor agreements) to explain or illustrate the manner in which you would conduct these activities.

Subsequent to submitting your application, you sent us several letters in response to our requests for additional information. In Letter 1, you discuss the purpose of your activities. You say—

> At times individual donors may want to contribute funds toward a specific goal but may be uncertain as to what organization to contribute funds to. P will undertake due diligence on specific 501(c)(3) charitable organizations and will place such organizations into its list of approved charities. Donors will then specify the intended goal of their contribution and P will apply the donation to a 501(c)(3) approved charity serving that purpose, net of amounts required to meet P's expenses.... For example, a donor may want to contribute funds to assist homeless or battered women, but may not know which organization to give to. The donor could make a donation to P and request that the donation be applied to this cause. P would in turn make a distribution to one of its approved 501(c)(3) organizations serving the needs of battered or homeless women.

You were founded by B and C. In your application, you state that B and C own the majority of the stock of M, a for-profit corporation that will operate a website which allows donors to donate to a variety of different charities, including you.

In Letter 2, you explain that B and C intended originally to form just a for-profit entity, M, to promote charitable giving in two ways. First, M would reach out to the public and corporate America to provide education on the importance of charitable giving. We are told that the personnel of P have experience working with charitable organizations and in the planned giving departments of corporations. Second, M would make it easier for individuals and corporations to make charitable gifts.

> M is establishing a website which will allow individuals and businesses to make charitable gifts to recognized 501(c)(3) entities from a single website. The goal is to establish relationships with charities which will allow donations to be made to the charities through the M website. M would receive a fee ... in the range of % to % of the amount of the gift.... In summary, the goal of M is to operate a for profit corporation which encourages and facilitates charitable giving and furnishes funds to recognized 501(c)(3) organizations at a cost lower than the cost they typically pay to raise funds.

But upon further consideration, B and C decided to form P to enhance the value of M—

> [I]f M has been successful in stimulating a person's interest in charitable giving, but the person is unsure who to give the funds to, P will be offered as an entity which will pool the donations of multiple donors and contribute these funds to worthy organizations involved in causes selected by the donor.... For example ... [i]f the person wanted to

> support organizations helping [to protect the coastline habitats endangered by the oil spill off Louisiana] he or she would be able to go to the M website. He or she would be able to select P as the intended charity and designate the oil spill endangered habitat as the cause to which the funds are to be dedicated.

You explained the "fee structure" as follows—

> As indicated, the fees charged to P by M will be no greater than the fees M charges to other, unrelated 501(c)(3) entities. These are estimated to range from 2% to 5% of funds donated. We believe that if unrelated 501(c)(3) organizations are willing to pay these fees, it demonstrates that the fees are reasonable, and are lower than the cost to the unrelated organizations for obtaining donations from other sources. We believe that funneling funds through P does serve a public rather than a private purpose because it furnishes funds to worthy organizations for a reasonable, and most likely below average, fundraising cost.

In Letter 5, you informed us that, in addition to the activities described in your application, Letter 1, and Letter 2, you would pursue activities related to two additional core functions—"Strategic philanthropic advising" and "Nonprofit and philanthropy services". You told us that your operating revenues would come from consulting fees charged for strategic philanthropic advising and from grants made directly to you. In Letter 6 you said that you had decided not to perform the services you had previously included under the rubric of "Strategic philanthropic advising." You described the activities encompassed by the rubric of "Nonprofit and philanthropy research, training, and awareness building" as follows—

> P will conduct research, provide training and webinars, facilitate thought leaders roundtables, and disseminate new thinking on the state of the nonprofit and philanthropic sectors, best practices for maximizing social impact and emerging trends in the field particularly around technology and innovation that may enhance the impact of their giving and philanthropic programming. Target audiences include nonprofits, foundations, and corporate social responsibility programs interested in learning about innovations in technology and social giving. Activities will include webinars, convenings, and events designed to raise awareness on trends on the intersection of the nonprofit, philanthropy and technology sectors to improve the effectiveness of those sectors overall. P staff will gather information and convene experts in various fields to share their knowledge in the field with target audiences. Costs for such activities will be covered through conventional nonprofit grant writing and fundraising activities.

B and C were the sole members of your original Board of Directors and your sole original officers. In their original form, your bylaws give B and C each a right to designate one director and to remove such director and designate a replacement director.

In Letter 1, you told us that you agreed to add three new members to your board of directors who are unrelated to B or C. Letter 3 was accompanied by an "Action by Unanimous Written Consent of Board of Directors", which action amended your bylaws to provide that "at all times no more than 49% of the members of the Board of Directors shall have a direct or indirect financial interest in M." In Letter 4, you informed us that B and C had resigned their positions as your directors and officers. Letter 4 was accompanied by an "Action by Unanimous Written

Consent of Board of Directors" by which the Board: (1) amended your bylaws to remove the powers of B and C each to appoint and replace a director, (2) accepted the resignations of B and C, and (3) elected a fourth member to the board.

In Letter 5, you told us that "as CEO[s] of M, B and C will provide services to P only insofar as P decides to contract with M for use of their technological platform. In which case the fee will follow the fee scale produced above as it would for any other user of the platform." Earlier in the letter, you said that "donors giving to P through the M online or mobile tool will be charged ... transaction fees...." from % to % depending on the size of the donation. "Donations made to P through other mechanisms will not be charged any fee." You did not explain what those other mechanisms might be.

Law

Section 501(a) of the Code exempts from Federal income taxation organizations described in § 501(c).

Section 501(c)(3) describes organizations that are organized and operated exclusively for religious, charitable, and other specified exempt 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(a)(1) of the Income Tax Regulations states that, in order to qualify under § 501(c)(3), an organization must be both organized and operated exclusively for one or more exempt purposes.

Section 1.501(c)(3)-1(c)(1) 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 § 501(c)(3) of the Code. An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(d)(1)(ii) states that an organization is not operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, to meet the requirements of § 501(c)(3), it is necessary for an organization to establish that it is not 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.

Section 1.501(c)(3)-1(d)(2) provides that the term "charitable" is used in § 501(c)(3) in its generally accepted legal sense and includes the relief of the poor and distressed and promotion of social welfare through charitable activities.

Section 508(f) provides that a sponsoring organization (as defined in section 4966(d)(1)) shall give notice to the Secretary (in such manner as the Secretary may provide) whether such organization maintains or intends to maintain donor advised funds (as defined in section 4966(d)(2)) and the manner in which such organization plans to operate such funds. Information regarding the operation of donor advised funds is to include a description of procedures the organization intends to use to: (1) communicate to donors and donor advisors that assets held in donor advised funds are the property of the sponsoring organization; and (2) ensure that distributions from donor advised funds do not result in more than an incidental benefit to any person. *See* Joint Committee on Taxation. Technical Explanation of H.R. 4, The "Pension Protection Act of 2006," at 350 (2006).

Section 4966(d)(1) defines the term "sponsoring organization" as any organization which—

A. is described in section 170(c) (other than in paragraph (1) thereof, and without regard to paragraph (2)(A) thereof),
B. is not a private foundation (as defined in section 509(a)), and
C. maintains 1 or more donor advised funds.

Section 4966(d)(2)(A) defines the term "donor advised fund" as a fund or account—

i. which is separately identified by reference to contributions of a donor or donors,
ii. which is owned and controlled by a sponsoring organization, and
iii. with respect to which a donor (or any person appointed or designated by such donor) has, or reasonably expects to have, advisory privileges with respect to the distribution or investment of amounts held in such fund or account by reason of the donor's status as a donor.

Rev. Rul. 67-149, 1967-1 C.B. 133, concerns an organization formed for the purpose of providing financial assistance to several different types of organizations which are exempt under § 501(c)(3). It carries on no operations other than to receive contributions and incidental investment income and to make distributions of income to such exempt organizations at periodic intervals. The ruling holds that the organization is exempt under § 501(c)(3).

Rev. Rul. 76-442, 1976-2 C.B. 148, concerns an organization the purpose of which is to encourage individuals to donate funds to charitable organizations. The primary activity of the organization is the offering of free legal services for personal tax and estate planning to individuals who wish to make current and deferred gifts to charity as part of their overall tax and estate planning. The organization is not affiliated with any particular charitable organization but rather encourages the client to provide for charities of personal interest. Although clients are generally not indigent, the organization does not require any payment for its services. The ruling states that the activity of aiding individuals in their tax and estate planning is not a charitable activity in the generally accepted legal sense. The organization is providing commercially available services to those who can afford them. The fact that gifts to charity are contemplated in the plans drawn up does not convert the assistance into a charitable activity or one that promotes social welfare within the meaning of § 1.501(c)(3)-1(d)(2).

In Better Business Bureau v. United States, 326 U.S. 279, 283, the Supreme Court, in considering a provision of the Social Security Act that exempts from the payment of social security taxes organizations organized and operated exclusively for educational and other exempt purposes, said that the presence of a single non-exempt purpose, if substantial in nature, will destroy the exemption, regardless of the number or importance of truly exempt purposes.

In Church By Mail, Inc. v. Comm'r, T.C. Memo 1984-349, the Tax Court considered whether the petitioner was entitled to exemption under § 501(c)(3). Petitioner was organized and is run by two ministers (the "Ministers") who function as petitioner's president and vice-president.

Petitioner's principal activity consists of mailing its literature, which focuses on the ministry of one of the Ministers, to individuals throughout the United States. The literature is procured through an advertising agency ("Advertising"), of which the Ministers are the sole shareholders. In addressing the question of whether the petitioner was operated to a substantial degree for the nonexempt purpose of benefiting the Ministers, the Court rejected petitioner's argument that the reasonableness of the petitioner's payments to Advertising rather than the financial rewards to the ministers was the critical element. The Court countered that the element of reasonableness becomes subordinated, if not irrelevant, to the overriding impact of the pervasive control of those arrangements and the entities involved by the Ministers and the benefits accruing to them. The Court concluded that petitioner had not carried its burden of proof that it was entitled to exempt status under § 501(c)(3). The Court said that even though petitioner's avowed purpose may ultimately be exempt, considering the totality of the facts – including the extent of the integration between petitioner's activities and those of its related entities and the control of those entities by the Ministers – petitioner had failed to convince the Court that a substantial, if not principal, purpose of its operations was not to generate income for the private benefit of the Ministers.

On appeal, petitioner argued in Church By Mail, Inc., v. Comm'r, 765 F.2d 1387 (9th Cir. 1985), that its business provides only a portion of Advertising's income and that the contractual arrangements between the two demonstrate that Advertising is not attempting to profit at petitioner's expense. The Court rejected the argument, saying that the critical inquiry is not whether particular contractual payments to a related for-profit organization are reasonable or excessive, but whether the entire enterprise is carried on in such a manner that the for-profit organization benefits substantially from the operation of the petitioner.

In Int'l Postgraduate Med. Found. v. Comm'r, T.C. Memo 1989-36, the Tax Court considered the question of whether the petitioner, an organization that sponsors seminars and symposia in the medical field, was entitled to exemption under § 501(c)(3). Petitioner's program is to take physicians on tours throughout the world. Petitioner's daily operations are under the control of a Mr. Helin, who is one of petitioner's three trustees. Mr. Helin is a shareholder and the president of a for-profit travel agency, H & C Tours. Petitioner used H & C Tours exclusively for all travel arrangements. There is no evidence that petitioner solicited competitive bids from any entity other than H & C Tours. Citing Church By Mail v. Comm'r, 765 F.2d at 1392, for the proposition that when a for-profit organization benefits substantially from the manner in which the activities of a related organization are carried on, the later organization is not operated exclusively for exempt purposes within the meaning of § 501(c)(3) even if it furthers other exempt purposes, the Court concluded that the petitioner was not entitled to exemption under § 501(c)(3). The Court found that a substantial purpose of petitioner's operations was to increase the income of H & C Tours.

Section 4.03 of Rev. Proc. 2012-9, 2012-2 I.R.B. 261, provides that exempt status may be recognized in advance of the organization's operations if the proposed activities are described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements for exemption pursuant to the section of the Internal Revenue Code under which exemption is claimed. A mere restatement of exempt purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement. The organization must fully describe all of the activities in which it expects to engage, including the standards, criteria, procedures or other means adopted or planned for carrying out the activities, the anticipated sources of receipts, and the nature of contemplated expenditures. Where the organization cannot demonstrate to the satisfaction of the [Internal Revenue] Service that it qualifies for exemption pursuant to the section of the Internal Revenue Code under which exemption is claimed, the Service will generally issue a proposed adverse determination letter or ruling.

Analysis

Before the Service will recognize you as an organization described in § 501(c)(3), you must provide satisfactory evidence that you will be organized and operated exclusively for one or more exempt purposes. Treas. Reg. § 1.501(c)(3)-1(a)(1). The Service will not regard you as "operated exclusively" for exempt purposes if it appears that more than an insubstantial part of your activities will be in furtherance of a purpose that is not an exempt purpose. Treas. Reg. § 1.501(c)(3)-1(c)(1). *See also* Better Business Bureau, 326 U.S. at 283. Furthermore, you will not be regarded as organized and operated exclusively for exempt purposes unless you can establish that you are not organized and operated for the benefit of private interests. Treas. Reg. § 501(c)(3)-1(d)(ii).

Under the standards set forth in section 4.03 of Rev. Proc. 2012-9, the Service will recognize your status as an exempt organization in advance of operations only if your proposed activities are described in sufficient detail to allow us to conclude that you will be operated exclusively for exempt purposes. To that end, you must fully describe your activities, including the standards, criteria, procedures, and other means adopted or planned for carrying out your activities.

Although you have been afforded several opportunities to fully describe your activities, you have presented only generalities that fail to convince us that you would be operated exclusively for exempt purposes. Rather, the information on hand, while replete with contradictions, tends to show that you lack an exempt purpose and that you have a substantial non-exempt purpose of operating for the benefit of private interests.

Lack of an Exempt Purpose

Your application states, merely, that you intend to accept contributions and to distribute such contributions to charitable organizations that serve the goals of the donor. While, at first glance, such activities bear a passing resemblance to the activity undertaken by the organization described in Rev. Rul. 67-149, a closer look reveals an important distinction. There, the organization did nothing more than receive contributions as income and make distributions out of its income to charity. There is nothing in the ruling to indicate that donors could direct the use of their contributions. You, on the other hand, intend to make distributions at the behest of, and to satisfy the personal interests of, the donors of the contributions. To fall within the scope of Rev. Rul. 67-149, you must acquire complete control and discretion over the use of the contributions you receive such that the distributions you make to exempt organizations are considered distributions out of your income. The information you have provided is confusing and contradictory, and leaves us in doubt as to how much control the donor has over the choice of the ultimate beneficiary. Thus, you have not assured us that you do anything more than "funneling funds" (your words) from donor to charitable organization. Unless you can show that you take dominion and control over the contributions, and that such funds are distributed at your complete discretion, you would be similar to the organization described in Rev. Rul. 76-442 which assists non-indigent donors to make charitable contributions. Like that organization, you would be engaged in the activity of aiding individuals in their tax planning, a commercially available service that does not further charitable purposes.

If, on the other hand, you intended to imply that you exercise full dominion and control over the contributions, you have not shown how such a claim is consistent with the donor's ability to specify the intended goal of their contribution. For although such an ability bears a passing resemblance to the advisory privileges accorded to donors by section 501(c)(3) organizations that sponsor donor advised funds, your scant explanations of how you will conduct your activities does not show that, in handling contributions, you would operate in the manner of a sponsoring organization (see § 508(f)).

Whereas the sponsoring organization of donor advised funds is required to maintain funds or accounts that are separately identified by reference to contributions of a donor or donors (*see* § 4966(d)(2)(A)(i)), you have not provided us with any information on how you will account for a donor's contribution. You have neither provided to us, nor do you appear to have, any literature that describes to potential donors precisely how their contributions will be tracked and accounted for.

Furthermore, whereas the sponsoring organization of donor advised funds is required to own and control the fund or account (*see* § 4966(d)(2)(A)(ii)), leaving the donor with only precatory advisory privileges that are nonbinding on the sponsoring organization (*see* § 4966(d)(2)(A)(iii)), you have not described any procedures you intend to use to communicate to donors that their contributions are your property. In the absence of a detailed description of your procedures and written documentation such as operations manuals, donor handbooks, and donor agreements, you have not convinced us that donors do not retain control over distributions, or that you would be able to ensure that distributions would not result in more than an incidental benefit to any private person.

As to your other "core function" – Nonprofit and philanthropy research, training, and awareness building – you have not sufficiently described the activities to be conducted thereunder – including the standards, procedures, and means for carrying out the activities – to allow us to conclude that such activities will be conducted in a manner that furthers an exempt purpose. On their face, such activities would appear to be similar to those conducted by M and their owners.

Therefore, we are unable to conclude that you engage primarily in activities that accomplish exempt purposes.

Presence of a Substantial Non-Exempt Purpose

The information at hand leads us to believe that you function as an integral part of the business operations of M. M was set up to operate a business website whereby individuals could make donations to various charitable organizations for a fee. You, in turn, were established by M's founders, B and C, to enhance the usefulness of M's website by giving visitors to the site the additional opportunity to contribute through the website to charitable organizations based on the donor's particular interest. That you were created to function as an adjunct to M's commercial fundraising activities is shown by your statement that "if M has been successful in stimulating a person's interest in charitable giving, but the person is unsure who to give the funds to, P will be offered...." Furthermore, your argument that you serve a public purpose is based on the premise that by "funneling funds through P", M will be able to "furnish funds to worthy organizations for a reasonable, and most likely below average, fundraising cost." Such an argument is but another indication that you and M are parts of a joint business enterprise.

Your argument that conducting your activities through M serves a public purpose insofar as fundraising costs would be reasonable or "below average" has no basis in law. In Church by Mail, Inc., T.C. Memo, 1984-349, the Tax Court rejected a similar argument in a case involving the payment of fees by a nonprofit entity to a for-profit entity owned by the same persons who controlled the nonprofit. There, the court said that the element of reasonableness becomes subordinated, if not irrelevant, to the overriding impact of the pervasive control of the conflicted officers and the benefits accruing to them. The Court concluded that such facts as the extent of the integration between the nonprofit's activities and those of the for-profit entity controlled by the same persons indicate that a substantial purpose of the nonprofit's operations is to generate income for the private benefit of its officers.

Your activities – conceived by the owners of M with the intention that they be conducted through M's website – would result in increased revenue for M. Thus, it would appear that you and M are engaged in an enterprise that is carried on in such a manner that M will benefit substantially from your operations. *See* Church by Mail, Inc., 765 F.2d at 1392. Thus, like the petitioner in Int'l Postgraduate Med. Found., T.C. Memo 1989-36, you are not entitled to exemption under § 501(c)(3) because you have a substantial non-exempt purpose of benefitting a for-profit business, M.

Although B and C have resigned from your board of directors and you have amended your bylaws to divest them of the power to appoint directors, we are unconvinced that you would not still be operated through M's website for the private benefit of B and C. You and M continue to share a name in common. Your present directors were selected by B and C, so it is unlikely they would take any actions that are not in the interests of B and C. In Letter 5, which was written after B and C resigned from the board, you state that "as CEO[s] of M, B and C will provide services to P only insofar as P decides to contract with M for use of their technological platform. In which case the fee will follow the fee scale ... as it would for any other user of the platform." But insofar as you were created for the purpose of complementing M's website offerings (and thereby generating additional fees for M), and insofar as you make no mention of any plans or efforts to function independently of M, we can only conclude that it is almost certain that you will "contract with M."

Conclusion

You have failed to establish that you are operated exclusively for exempt purposes as required under § 1.501(c)(3)-1(c)(1), or that you are not operated for the benefit of private interests as required under § 1.501(c)(3)-1(d)(1)(ii). Consequently, you do not qualify as an organization described in § 501(c)(3).

You have the right to file a protest if you believe this determination is incorrect. To protest, you must submit a statement of your views and fully explain your reasoning. You must submit the statement, signed by one of your officers, within 30 days from the date of this letter. We will consider your statement and decide if the information affects our determination.

Your protest statement should be accompanied by the following declaration:

> *Under penalties of perjury, I declare that I have examined this protest statement, including accompanying documents, and, to the best of my knowledge and belief, the statement contains all the relevant facts, and such facts are true, correct, and complete.*

You also have a right to request a conference to discuss your protest. This request should be made when you file your protest statement. An attorney, certified public accountant, or an individual enrolled to practice before the Internal Revenue Service may represent you. If you want representation during the conference procedures, you must file a proper power of attorney, Form 2848, *Power of Attorney and Declaration of Representative,* if you have not already done so. For more information about representation, see Publication 947, *Practice before the IRS and Power of Attorney.* All forms and publications mentioned in this letter can be found at www.irs.gov, Forms and Publications.

If you do not file a protest within 30 days, you will not be able to file a suit for declaratory judgment in court because the Internal Revenue Service (IRS) will consider the failure to protest as a failure to exhaust available administrative remedies. Code section 7428(b)(2) provides, in part, that a declaratory judgment or decree shall not be issued in any proceeding unless the Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted all of the administrative remedies available to it within the IRS.

If you do not intend to protest this determination, you do not need to take any further action. If we do not hear from you within 30 days, we will issue a final adverse determination letter. That letter will provide information about filing tax returns and other matters.

Please send your protest statement, Form 2848 and any supporting documents to this address:

Internal Revenue Service
TE/GE (SE:T:EO:RA:T:1)

1111 Constitution Ave, N.W.
Washington, DC 20224

You may also fax your statement using the fax number shown in the heading of this letter. If you fax your statement, please call the person identified in the heading of this letter to confirm that he or she received your fax.

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

Sincerely,

Holly O. Paz
Director, Rulings and Agreements