

Direct  
Office

230 S. Dearborn St., Chicago, Illinois 60604

[REDACTED]

Person to Contact: [REDACTED]  
Telephone Number: [REDACTED]  
Refer Reply to: [REDACTED]

[REDACTED]

Date:

Dear Applicant:

We have considered your application for recognition of exemption from Federal Income Tax under Section 501(c)(4) of the Internal Revenue Code.

The information submitted discloses that you were incorporated on [REDACTED] under the nonprofit corporation laws of the State of [REDACTED].

The purpose as shown in your Articles of Incorporation is to provide low interest loans for payment of tuition and other reasonable necessary educational expenses to the heirs of [REDACTED].

According to your application and supporting documentation, the primary activity of your organization is to provide low interest loans to the heirs of [REDACTED]. These loans aid them in paying the costs of continuing education above and beyond the high school level.

You stated in your application, "a requirement for receiving an educational loan demands the recipient be an heir of [REDACTED]." At the time of incorporation, eight heirs and potential recipients exist.

Section 501(c)(4) of the code provides for the exemption from Federal income tax of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterments and social improvements.

████████████████████

According to Rev. Rul. 75-199, 1975-1 C.B. 160, an organization that restricts its membership to individuals of good moral character and health belonging to a particular ethnic group and provides sick benefits to members does not qualify for exempt status under Section 501(c)(4). The ruling held that the organization operated primarily for the benefit of its members.

You do not qualify for exempt status under Section 501(c)(4) because you are operated primarily for the private benefit of the heirs of ██████████. You do not meet the requirement of the regulations that the organization be operated primarily for the common good and general welfare of the community.

Therefore, we rule you are not exempt from Federal Income tax as an organization described in Section 501(c)(4) of the Code. Accordingly, you are required to file Federal income tax returns, Form 1120.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If we do not hear from you within 30 days from the date of this letter this determination will become final.

Please keep this determination letter in your permanent records. If you agree with this determination please sign and return the enclosed Form 6015.

Very truly yours,

████████████████████  
District Director

Enclosures:  
Publication 892  
Form 6015