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September 26, 1993

Ce texte est un OCR
pas une photocopie

BY HAND "QUALIFIED WRITTEN MATERIAL"

Mr. John Burke
Assistant Commissioner (Employee
Plans and Exempt Organizations)
Internal Revenue Service Room
3408E
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Re: Scientology-Related Organizations' Forms 1023

Dear Mr. Burke:

Your staff has raised several questions concerning the pending exemption applications of Scientology-related organizations. We are answering the questions concerning nine of the pending applications (IAS, US IAS Members¹ Trust, IHELP, NEP, BPI, DFI, DCI, CCHR and ABLE) by separate individual letters, each to be included in the particular organization's administrative record.

The purpose of this letter is to respond to the questions raised with respect to the other applicants (SIRT, FST, CSFSSO, and IGN) and part of the questions raised with respect to DFI and DCI. Our responses are as follows:

A. SIRT and FST

Your staff has stated that the Schedules D of the applications SIRT and FST have filed need "to state that CSI appoints SIRT [and FST] trustees and to state facts showing the 2-way relationship in Treas. Reg. §1.509(a)-4(i)(2)(i)(d) [sic]." Your staff would like this information to establish that SIRT and FST are supporting organizations of CSI.

As a general matter, we assume that your staff are referring to section 1.509(a)-4(i)(2)(ii)(d) of the Regulations, which relates to the second prong of the responsiveness test for

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determining whether a supporting organization is "operated in connection with" the supported organization. The actual requirements of this Regulation raise two issues with respect to the question your staff has raised.

First, the Regulation does not require that the supporting organization must appoint the trustees or other members of the governing body of the supported organization. Rather, this is merely one of three ways to meet the first prong of the two-prong responsiveness test of Regulations section 1.509(a)-4(i)(2)(ii).

Here, CSI does not appoint the Trustees of either SIRT or FST and therefore neither can make the requested representation. CSI does, however, control who is eligible to serve as trustee since a condition for trustee eligibility for both trusts is that the individual be an ordained minister of Scientology in good standing with CSI.

Nonetheless, both SIRT and FST meet the first prong of the responsiveness test under Regulations section 1.509(a)-4 (i) (2) (ii) (c), which is that the "trustees of the supporting organization maintain a close and continuous working relationship with the officers, directors or trustees of the publicly supported organizations" The narrative responses to Part II, Questions 1 and 5 of the two organizations¹ applications, as well as the extensive record in CSI's determination proceeding (particularly the information concerning the operation of CSI's Central Reserves committee) unequivocally establish this relationship.

These same facts also unequivocally establish the second prong of the responsiveness test contained in Regulations section 1.509(a)-4(i)(2)(d), which requires that the supported organization:

... have a significant voice in the investment policies of **the** supporting organization, the timing of grants, the **manner** of making them, and the selection of recipients of such supporting organization, and in otherwise directing the use of the income or assets of such support organization.

Once again, facts that unequivocally establish this prong are clearly set forth in the narrative of each organization's exemption application as well as the extensive record CSI has submitted. For example, on page 2A of its application SIRT states:

SIRT accomplishes its religious purpose by making donations, grants and interest-free loans to the beneficiaries CSI selects and for such purposes and on such terms as CSI instructs, so long as consistent with SIRT's governing instrument.

And on page 2D of its application FST states:

As a Scientology reserves entity, FST's financial affairs are directly supervised by CSI's Central Reserves Committee. In this capacity, CSI authorizes all expenditures of FST's funds to ensure they forward specific goals of the Scientology religion. In accordance with CSI's directions, FST's disbursements since 1988 (other than operating expenses) have consisted solely of grants and loans to CSI, Religious Education College and to Scientology International Reserves Trust as detailed on the attachments to Part IV, Section A, Lien 15 and Part IV, Section B, line 4.

As shown above, SIRT and FST meet both prongs of the responsiveness under the Regulations.

B. CSFSSO

Your staff has stated that CSFSSO's dissolution clause should be amended to comport with section 501(c)(3)'s organizational test. Please reread Exhibit C of CSFSSO's application which contains the requested amendment.

We cannot find any statement between Schedules 21 and 22 of CSFSSO's application. Please let us know what your staff is referring to.

C. DFI and DCI

Your staff has stated that DFI and DCI should state that their "trustees are appointed by CSI (assuming this is the case)." CSI does not appoint their trustees so DFI and DCI cannot make the requested representation. However, DFI and DCI have the same relationship with CSI as do SIRT and FST as described in section 1.509(a)-4(i)(2)(ii)(c) of the Regulations.

D. IGN

Your staff has stated that "Exhibits A, B and C (articles and bylaws) to [IGN's] Form 1023 are HDF's articles and bylaws" and that IGN should supply its own articles and bylaws.

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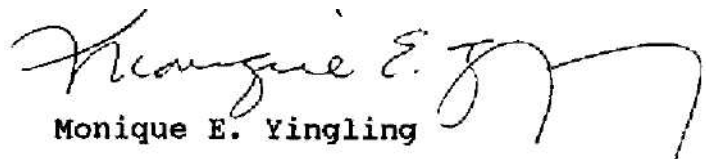
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Please reread Exhibit C. That exhibit is Articles of Amendment filed June 11, 1985 that change the name of the corporation from "Hubbard Dianetics Foundation" (i.e.. HDF) to "Inspector General Network" (i.e., IGN). Thus, the articles of incorporation attached as Exhibit A (dated October 24, 1984) are IGN^f's articles of incorporation. The bylaws attached as Exhibit B (adopted February 4, 1985) also are IGN's and simply were adopted before it. changed its name. While IGN has not amended the bylaws to reflect the change in its name, they continue to have legal effect as its bylaws.

The foregoing should satisfy your staff without the need for separate submissions to the administrative records of the four organizations. If your staff has further questions on these organizations – or any other Scientology-related organization with a pending 1023 – please ask them to call me directly.

Sincerely yours,


Monique E. Yingling