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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

200213028

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4946.01-00
4946.02-00

Date: DEC 21 2001

Contact Person:

Identification Number:

T:EO:B3

Telephone Number:

Employer Identification Number:

Legend

Foundation	=
State	=
Company	=
B	=
C	=
D	=
E	=
F	=
G	=
H	=

Dear Sir or Madam:

This letter responds to the request of counsel for the Foundation, dated May 23, 2001, for rulings regarding the reaffirmation of prior favorable private letter rulings issued to the Foundation, and the issue of self-dealing under section 4941 of the Internal Revenue Code ("Code").

The Foundation is exempt from federal income tax under section 501(c)(3) of the Code and is classified as a private foundation within the meaning of section 509(a).

The Foundation is a private non-operating foundation whose exempt purpose is to receive funds, administer its investments, and distribute the earnings thereon for charitable purposes. The Foundation derives its income from a portfolio of stocks and bonds, and from substantial holdings of investment real property located in State. The majority of these assets were acquired either by gift from B during his lifetime or as a bequest under B's will. The other principal beneficiaries of the assets of B's Estate (the "Estate") were the marital and residual trusts created under B's will (the "Trusts").

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At the time of the distribution of the Estate's assets, the Estate received a ruling that provided that the furnishing of certain real property management, investment advisory and general administrative services to the Foundation by the Company and D (who was an employee of the Company and was B's son) would not constitute an act of self-dealing under section 4941 of the Code as such services were provided without charge. This ruling was later affirmed. At that time, the Company was an unincorporated association utilized for centralizing the management of real property assets held by the Trusts and certain other trusts, the beneficiaries of which were various B family members.

Since the date of the prior ruling, the composition of the Foundation's real estate portfolio has changed from a portfolio consisting primarily of real property leased under long-term ground leases to commercial and residential tenants to a portfolio with a greater number of commercial properties which the Foundation leases directly to tenants. This shift has occurred in part due to changes in State law, which have resulted in major State landowners, including a number of large tax-exempt organizations, selling their residential leased fee properties and reinvesting in other assets such as self-managed commercial properties. The Foundation has purchased the commercial leasehold interests from 5 of its commercial ground lessees over the past 8 years. The Foundation felt that this policy of acquiring the commercial leasehold interests to be prudent as many of the leases were nearing their expiration and, as such, the lessees had little incentive to properly maintain the buildings and improvements which would have become the property of the Foundation upon expiration of the leases. By acquiring these interests, the Foundation believes it has avoided additional renovation costs that would have been necessary if the Foundation had simply waited for these leases to expire. In addition, the Foundation felt it would obtain a better return on these properties if it leased space directly to tenants.

As a result of these changes, the Foundation's real estate portfolio consists of properties in three principal categories. First, the Foundation still holds numerous residential leased fee interests, which it has been unable to sell at a reasonable price. Second, the Foundation holds leased fee interests in several commercial properties. Finally, the Foundation owns commercial properties in which space is leased by the Foundation directly to various individual commercial tenants. These properties are managed by three Foundation employees, C, E, and F. Neither E nor F is a disqualified person with respect to the Foundation. As described herein, from time to time additional property management services, if necessary, are provided by the Company at no charge to the Foundation consistent with past practices.

The Company, a State corporation, provides certain property and investment management services for certain B family limited partnerships (the limited partnership interests in which are held by the trusts), the Trusts, and other trusts the beneficiaries of which are related to B. The Company's outstanding stock is owned by the descendants of B through the trusts or other trusts. The Company has continued its historical role of providing for centralized management of these assets and currently serves as the general partner of the various B family limited partnerships. The expenses of the Company are paid by management fees paid to the Company by the various B family limited partnerships, the Trusts, and other B trusts (but not the Foundation).

Pursuant to the prior ruling issued at the time of the distribution of the assets of the

Estate, the Company and C, although disqualified persons with respect to the Foundation, provided property management, investment advisory and administrative services to the Foundation for no compensation. The prior ruling specially confirmed that this arrangement, despite the status of the Company as a disqualified person, does not constitute a prohibited act of self-dealing within the meaning of section 4941 of the Code, provided that the compensation paid is not excessive in relation to the services provided by the employees in question.

The Company wishes to (i) continue to provide such services (to the extent they are not provided by the three employees whose time-sharing arrangement is also the subject of this request), and what the Foundation believes to be necessary appropriate brokerage services free of charge to the Foundation necessary to comply with State real estate licensing laws, and (ii) make available at no charge certain office space, telephone and computer hardware and software to the Foundation and its employees for their use on Foundation business.

The prior ruling addressed the time-sharing or co-employment of two individuals, C and G. The ruling found that the employment on a part-time basis of C and G, who were also employed by the Company, did not constitute acts of self-dealing within the meaning of section 4941 of the Code. C, despite his status as a foundation manager within the meaning of section 4946(a)(1)(B), provided overall supervisory and management of the Foundation as its chief executive officer which constituted "personal services" within the meaning of section 4941(d)(2)(E).

Currently, C is President and Chief Executive Officer of the Company. C is also Executive Vice President of the Foundation. He is not related to any member of B's family. C is not a substantial contributor to, nor related to, any person or shareholder, officer or director of any entity which is a substantial contributor to, the Foundation. His only qualification as a "disqualified person" with respect to the Foundation is his status as a "foundation manager" within the meaning of section 4946(a)(1)(B) of the Code.

C is a well-known and respected business executive with numerous ties to various charitable organizations in the State. Along with being a director or trustee to numerous charitable organizations, he was formerly a member of the Board of Governors of the State Community Foundation. In addition to his experience with charitable organizations, C has substantial business expertise with respect to the types of properties owned by the Foundation. C's activities with respect to the Foundation's real estate assets, other than supervision of Foundation employees and service providers, have been extremely limited. Specifically, C's activities with respect to management of the Foundation's real properties have involved only attempts to sell the few remaining residential leases whose rent comes up for renegotiation. C is expected to continue these duties as an employee of the Foundation, in addition to his duties at the Company.

G had conducted the direct day-to-day management of the Foundation's commercial properties, and is one of the employees shared with the Company (the other being C) as described in the prior ruling. G's activities consisted primarily of property management and her concurrent employment by the Foundation was found not to constitute self-dealing within the meaning of section 4941 of the Code in the prior ruling. E is currently managing the Foundation's real properties as she has succeeded to G's duties. G has since left the Foundation.

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F, whose services are less professional in nature, and include more general clerical and bookkeeping work, currently assists E. F is currently employed by the Foundation, but it is contemplated she will move to the Company offices to better assist E in performing primarily clerical and bookkeeping functions relating to the Foundation's properties, as well as the Company properties E manages. As she will be assisting E with respect to the Company properties, Company and Foundation would each employ F on a part-time basis, and she would be compensated based upon the time spent working for the benefit of each entity. To the extent E and F are unable to manage all of the Foundation's properties, from time to time the Company expects to continue to provide additional property management services, at no charge, directly or indirectly to the Foundation, just as it has since the prior two rulings.

The Foundation is seeking a ruling reaffirming the conclusions reached in the prior rulings regarding time-sharing employment relationships with respect to C, E and F based upon the facts as described herein. In addition, the Foundation is seeking a ruling that confirms that the Company's provision to the Foundation of certain property management and brokerage services, office space, and office equipment at no charge does not constitute self-dealing within the meaning of section 4941 of the Code. The Foundation understands that the rulings requested with respect to C, E, and F are subject to the condition that their employment compensation remains reasonable.

Following G's departure and due to the increased number of commercial properties held by the Foundation, the Foundation sought and hired E, for a part-time position. The Company also hired E under the same time-sharing arrangement as described in the prior ruling with respect to G.

E performs substantially the same real property management services that were previously performed by G. E is not a director or officer of the Foundation, and is not related in any manner to any substantial contributor to the Foundation. In addition, unlike C, E is not a foundation manager because she ultimately reports to C. E's specific duties include principal responsibility for the management of all of the Foundation's commercial properties. She also supervises the work of F. E negotiates with tenants for some of the Foundations' commercial properties (with the bulk of the lease negotiation, as well as all of the negotiation with the commercial leased fee leases, conducted by the Company). With the contemplated reassignment of property management duties within the Company office, the fraction of E's time that will be devoted to Foundation matters will be reduced to approximately 50%, and of this 50% approximately 80% will be devoted to property management, i.e., 40% of E's overall time will be devoted to property management for the Foundation. It is proposed that E's compensation by the Foundation reflect only the time she engages in property management services for the Foundation, and not time engaged in negotiating tenant leases for the commercial properties, once the proposed brokerage agreement becomes effective. As such, her compensation payable by the Foundation reflects approximately 40% of her total time subject to adjustment from time to time to reflect the actual time expended on Foundation property management matters and the value received by the Foundation for her services. A copy of E's employment agreement was submitted with the ruling request.

Currently, F is employed by the Foundation and works solely on Foundation matters. Given the anticipated move of F to the Company office, which will provide certain efficiencies

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given her proximity to E, it is expected that the Foundation will not need her on a full-time basis. As a result, it is proposed that F be shared with the Company under a similar time-sharing arrangement. The percentage of F's time that she is expected to work on Foundation matters will be 50%, and her compensation payable is subject to adjustment from time to time to reflect the actual time she expended on Foundation matters and the value received by the Foundation for her services. The services provided by F that would be compensated by the Foundation would be solely property management and related clerical and other services and not brokerage related services, which are the subject of the brokerage agreement. A copy of F's employment agreement was submitted with the ruling request.

All workers' compensation, unemployment insurance, and temporary disability insurance benefits have been, and will continue to be, provided to E and F directly by the Foundation in a manner which is directly commensurate with the time they are employed by the Foundation. As Company employees, they will be covered on the Company's policies in a manner commensurate with their time as Company employees. C is covered under the Company's health policy as the majority of his time is spent working on Company matters.

C's duties with respect to the Foundation have remained substantially as described in the submissions made in support of the prior ruling, and the time-sharing arrangement is expected to remain substantially the same. C is the CEO of the Foundation and spends the bulk of his time for the Foundation providing the overall management, and is property classified as a foundation manager under section 4946(b)(2) of the Code. C has general oversight and approval responsibilities regarding E and F's real estate duties just as he did with G.

The bulk of C's duties with respect to the Foundation, however, pertain to monitoring and directing the Foundation's considerable grant-making activity. Another significant aspect of C's duties include supervising the investment of the considerable non-real estate portion of the Foundation's assets, including engaging investment advisors and monitoring the Foundation's investment managers.

As set forth below, these services are identical to those provided for some time under the prior ruling and constitute permissible "personal services" for which C receives reasonable compensation. A copy of C's employment agreement was submitted with the ruling request.

The Foundation was recently advised by its State real property counsel that it, and its employees, must be licensed under the State's real estate licensing laws in order to negotiate with tenants for the Foundation's various commercial properties, despite the fact that neither the Foundation nor the Company's employees provide real estate management or brokerage services for any other person or entity than their respective employers.

Therefore, the Foundation sought to engage the services of a licensed real estate broker, with the appropriate real estate licenses, to conduct the negotiations with its tenants that require representation by a licensed broker.

An employee of the Company, H, holds a real estate broker's license and Company has obtained a license as a real estate broker with H serving as its principal broker. Certain other employees of the Company, including C and E, had or have also obtained, upon advice of Company counsel, real estate licenses (C, a salesperson's license and E, a broker's license) so

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that they may pursue their real estate brokerage activities on behalf of the Company. It is also expected that F will also activate her inactive salesperson's license in connection with her proposed duties at the Company.

As the Company has now become a licensed real estate broker and has traditionally provided free property management and other services to the Foundation, to the extent brokerage services are required to meet State's unique real estate licensing laws, the Board of Directors of the Foundation determined that it would be in the best interest of the Foundation to obtain the services of the Company as its broker since the Company has offered to provide such services at no charge to the Foundation. This arrangement is reflected in a proposed commercial brokerage agreement designed to reflect the parties current arrangements and satisfy these unique State real estate law licensing requirements, pursuant to which brokerage services are to be provided at no charge by the Company to the Foundation.

The brokerage agreement provides that the Company will provide brokerage services to assist in the leasing of the Foundation's commercial properties at no charge to the Foundation, and reflects the parties' recent practices in that regard. Under the brokerage agreement, the Foundation is not required to reimburse the Company for any fees and costs incurred by the Company in the course of serving as the Foundation's principal broker. In addition, the Foundation, as owner of the properties, is not required to either indemnify or provide insurance coverage to the Company. Although H, as principal broker of the Company, is ultimately responsible for the actions of licensed persons under her, including C, E, and F, the Foundation is not obligated to and will not compensate H, C, E, F, or the Company directly or indirectly for such brokerage services. In addition, the Foundation does not indirectly pay for any of such brokerage services since it does not pay C, E, and F for such brokerage services. C is compensated solely for his personal services as a Foundation manager, and E and F will be compensated only for property management and other services, not brokerage services, they provide the Foundation. Finally, none of the Foundation's assets will be used by the Company in the provision of the proposed brokerage services since such activities will be carried out by the Company's employees at its offices.

The Foundation represents that this arrangement is extremely beneficial since the Foundation will not have to engage, and, as a result pay, another real estate firm for these brokerage services. In addition, it will not have to pay for a person with a broker's license to be employed full-time so as to make the Foundation eligible for its own brokerage license.

The time-sharing employment arrangement discussed in the prior ruling is substantially similar to the current facts, with the substantive differences being (i) the time-sharing employment of E in place of G, (ii) the time-sharing employment of F, and (iii) the execution of the proposed brokerage agreement that the Foundation represents was solely entered into to meet the unique requirements of State's unique real estate licensing laws.

The Foundation represents that in the interests of efficiency, and at a cost savings to the Foundation, the Company has made available to the Foundation office space for some of the Foundation's employees to carry out Foundation business, including C and E, and in the future, F. The Company has also permitted the Foundation's employees to use its phone and computer systems without charge (direct or indirect).

Also, because of the Foundation's increased need for property management services due to the shift in its real estate asset mix, to the extent E and F are unable to provide all of the property management services required then, in such event, it is expected the Company, by and through its employees, may provide, as described in the prior letter rulings, similar services at no charge to the Foundation. The Foundation will pay no fee for these services nor will it be required to reimburse the Company for any expenses incurred in connection therewith (directly or indirectly).

The Foundation has requested the following rulings:

1. The time-sharing employment arrangement described herein with respect to C, E, and F will not constitute an act of self-dealing within the meaning of section 4941 of the Code, or affect the validity of any prior rulings issued to the Foundation, provided that the compensation paid by the Foundation to each of C, E, and F, respectively, is not excessive in relation to the services provided to the Foundation.

2. The provision of the brokerage and property management and related services, office space, and equipment by the Company to the Foundation at no charge, as described herein, will not constitute an act of self-dealing within the meaning of section 4941 of the Code or affect the validity of any prior rulings issued to the Foundation.

3. Neither (i) the time-sharing employment arrangement described herein with respect to C, E, and F, or (ii) the provision of the brokerage and property management and related services, office space, and equipment by the Company to the Foundation without charge, as described herein, will constitute private inurement of the Foundation's net earnings or assets to any other private individuals or entities, including the Company, provided that the compensation paid by the Foundation to each of C, E and F, respectively, is not excessive and is reasonable in relation to the services provided to the Foundation.

4. Neither (i) the time-sharing employment arrangement described herein with respect to C, E, and F, or (ii) the provision of the brokerage and property management and related services, office space, and equipment by the Company to the Foundation without charge, as described herein, will adversely affect the Foundation's tax exempt status under section 501(c)(3) of the Code, provided that the compensation paid by the Foundation to each of C, E, and F, respectively, is not excessive and is reasonable in relation to the services provided the Foundation.

Section 501(c)(3) of the Code provides, in part, for the exemption from federal income tax of organizations that are organized and operated exclusively for religious, charitable, scientific, or educational purposes, provided no part of the net earnings inure to the benefit of any shareholder or individual.

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Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations ("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) 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(c)(2) of the regulations provides that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals.

Chapter 42 of the Code subjects private foundations described in section 509(a) and disqualified persons described in section 4946 to certain excise tax provisions including section 4941.

Section 4941(a) of the Code imposes an excise tax on each act of self-dealing between a disqualified person and a private foundation.

Section 4941(d)(1) of the Code provides, in part, that the term "self-dealing" means any direct or indirect (A) sale or exchange, or leasing, of property between a private foundation and a disqualified person; (B) lending of money or other extension of credit between a private foundation and a disqualified person;...(E) transfer to, or use by or for the benefit of, a disqualified person of the assets of a private foundation.

Section 4946(a)(1) of the Code provides, in part, that the term "disqualified person" means, with respect to a private foundation, a person who is –

(A) a substantial contributor to the foundation;

(B) a foundation manager;

(C) an owner of more than 20 percent of (i) the total combined voting power of a corporation...which is a substantial contributor to the foundation,...;

(D) a member of the family of any individual described in subparagraphs (A), (B), or (C);

(E) a corporation in which persons described in subparagraph (A), (B), (C), or (D) own more than 35 percent of the total combined voting power.

Section 4941(d)(2)(C) of the Code provides in relevant part that the "furnishing of goods, services or facilities by a disqualified person to a private foundation shall not be an act of self-dealing if the furnishing is without charge..."

Section 4941(d)(2)(E) of the Code provides in part that "payment of compensation (and the payment or reimbursement of expenses) by a private foundation to a disqualified person for personal services which are reasonable and necessary to carrying out the exempt purpose of a private foundation shall not be an act of self-dealing if the compensation for payment or reimbursement is not excessive."

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Section 53.4941(d)-2(b)(2) of the Foundation and Similar Excise Taxes Regulations (hereafter "foundation regulations") provides, in part, that "the leasing of property by a disqualified person to a private foundation shall not be an act of self-dealing if the lease is without charge."

Section 52.4941(d)-2(d)(3) of the foundation regulations provides, in part, that "[t]he furnishing of goods, services, or facilities by a disqualified person to a private foundation shall not be an act of self-dealing if they are furnished without charge ... Similarly, the furnishing of services (even though such services are not personal in nature) shall be permitted if such furnishing is without charge."

Section 53.4941(d)-2(e) of the foundation regulations provides, in part, that "[t]he payment of compensation by a private foundation to a disqualified person shall constitute an act of self-dealing..."

Section 53.4941(d)-2(f)(2) of the foundation regulations provides, in part, that "[t]he fact that a disqualified person receives an incidental benefit from the use by a foundation of its income or assets will not, by itself, make such use an act of self-dealing..."

Section 53.4941(d)-3(c)(1) of the foundation regulations provides, in part, that "[t]he payment of compensation by a private foundation to a disqualified person for the performance of personal services which are reasonable and necessary to carry out the exempt purposes of the private foundation shall not be an act of self-dealing if such compensation is not excessive..." The term "personal services" includes the services of a broker serving as an agent for the private foundation, but not the services of a dealer who buys from the private foundation and sells to third parties.

Section 53.4941(d)-3(c)(2) of the foundation regulations, in example 2, provides the following example of permitted personal services:

> "C, a manager of private foundation X, owns an investment counseling business. Acting in his capacity as an investment counselor, C manages X's investment portfolio for which he receives an amount which is determined to be not excessive. The payment of such compensation to C shall not constitute an act of self-dealing."

Rev. Rul. 74-591, 1974-2 C.B. 385, provides that a pension for past personal services paid by a private foundation to one of its directors, a disqualified person whose total compensation including the pension is not excessive, does not constitute an act of self-dealing under section 4941 of the Code.

Regarding C, the Foundation represents that the only substantive differences between this ruling request and the prior rulings are: (i) the expanded foundation management duties required of C due to the increased number of employees and activities undertaken by the Foundation, and (ii) the fact that the Foundation has been required by State real estate licensing laws to engage a licensed broker to negotiate with its tenants. The proposed entering into of the proposed brokerage agreement described herein with the Company and C obtaining his own real salesperson's license, required solely due to his duties at the Company, do not

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alter the conclusion that C is providing "personal services" to the Foundation within the meaning of section 4941(d)(2)(E) of the Code. The time-sharing arrangement with C continues to provide neither a direct or indirect economic benefit to the Company. C continues to contract directly with the Foundation for his services, as evidenced by his employment contract.

Regarding E and F, the Foundation represents the only substantive difference between the arrangement with E and F and the prior arrangement with G is that the increased number of properties held by the Foundation and the types of services required, property management as well as more clerical bookkeeping, necessitate the need for both E and F. In contrast to C, neither E nor F is a "disqualified person" with respect to the Foundation. Neither is a substantial contributor within the meaning of section 4946(a)(1)(A) of the Code, an owner of more than twenty percent of an entity which is a substantial contributor within the meaning of section 4946(a)(1)(C), a member of the family of any individual described above within the meaning of section 4946(a)(1)(D), or a corporation, partnership, trust or estate as described in section 4946(a)(1)(E-G). Neither is a foundation manager within the definition under section 4946(a)(1)(B) as they are supervised by C, and do not have direct final decision making authority with respect to the Foundation's properties.

While both E and F are employees of the Company, and the Company will act as broker for the Foundation (to meet the unique requirements of State's real estate licensing laws), these employment arrangements do not indirectly benefit the Company since (i) the Foundation contracts directly with E and F for their services, (ii) E and F will be compensated by the Foundation only for the work they perform managing the Foundation's properties, and (iii) E and F will not be compensated by the Foundation for brokerage services. Therefore, there is no self-dealing within the meaning of section 4941 because the employment of E and F is not a transaction between a private foundation and a disqualified person and the employment of E and F does not directly or indirectly benefit the Company.

As stated in the prior rulings, the provision of certain property and investment management and general administrative services by the Company at no charge has not constituted prohibited self-dealing under section 4941 of the Code. However, because of the requirements of State's real estate licensing laws, the Foundation has had to seek the services of a licensed real estate broker and wants to use the free services of the Company to meet these requirements pursuant to the proposed brokerage agreement. Also, the provision of space at the Company's offices, and equipment for Foundation employees at no charge is not self-dealing under section 4941(d)(2)(C) of the Code. The Company has represented that the Foundation is not charged, directly or indirectly, for these services. Therefore, the transactions have the effect of the disqualified person providing services at no charge and there was no self-dealing pursuant to the exception contained in section 4941(d)(2)(C).

Finally, with respect to the proposed time-sharing employment arrangement with C, E, and F, the Foundation has represented that each will perform valuable services essential to the Foundation's charitable operations and, therefore, will not result in prohibited private inurement of any part of the Foundation's assets or net earnings, so long as the compensation paid by the Foundation is reasonable.

Accordingly, based on the information and representations submitted, we are ruling as follows:

1. The time-sharing employment arrangement described herein with respect to C, E, and F will not constitute an act of self-dealing within the meaning of section 4941 of the Code, or affect the validity of any prior rulings issued to the Foundation, provided that the compensation paid by the Foundation to each of C, E, and F, respectively, is not excessive in relation to the services provided to the Foundation.

2. The provision of the brokerage and property management and related services, office space, and equipment by the Company to the Foundation at no charge, as described herein, will not constitute an act of self-dealing within the meaning of section 4941 of the Code or affect the validity of any prior rulings issued to the Foundation.

3. Neither (i) the time-sharing employment arrangement described herein with respect to C, E, and F, or (ii) the provision of the brokerage and property management and related services, office space, and equipment by the Company to the Foundation without charge, as described herein, will constitute private inurement of the Foundation's net earnings or assets to any other private individuals or entities, including the Company, provided that the compensation paid by the Foundation to each of C, E, and F, respectively, is not excessive and is reasonable in relation to the services provided to the Foundation.

4. Neither (i) the time-sharing employment arrangement described herein with respect to C, E, and F, or (ii) the provision of the brokerage and property management and related services, office space, and equipment by the Company to the Foundation without charge, as described herein, will adversely affect the Foundation's tax exempt status under section 501(c)(3) of the Code, provided that the compensation paid by the Foundation to each of C, E, and F, respectively, is not excessive and is reasonable in relation to the services provided the Foundation.

This ruling is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that this ruling may not be used or cited by others as precedent.

This ruling is limited to the applicability of the provisions of sections 4941(d) and 4946 of the Code and does not purport to rule on any facts that were not represented in the ruling request as supplemented or on any changes of those facts. Also, in this ruling, we have not determined whether the compensation paid is reasonable. We merely have accepted your representations. This ruling is based on the understanding that there will be no material changes in the facts upon which it is based.

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

Sincerely,

Robert C. Harper, Jr.

Robert C. Harper, Jr.
Manager, Exempt Organizations
Technical Group 3

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