

Address any reply to:

P.O. Box 737 Atlanta Georgia 30301
Department of the Treasury

District Director
Internal Revenue Service

Date:
AUG 12 1970

In reply refer to:
416:DPG

- ▷ Lawton Family Foundation, Inc.
Route 2, Box 420
Hilton Head Island, South Carolina 29928

Gentlemen:

We have considered your application for exemption from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. You did not give notice that you were not a private foundation as defined in Section 509(a) of the Code.

Temporary Regulations for Section 508(b) of the Code were published in the Federal Register on July 14, 1970. Section 13.9(b) of these Regulations requires that an organization described in Section 501(c)(3) of the Internal Revenue Code be considered a private foundation unless it notifies the Secretary or his delegates that it is not a private foundation. This statement must be accompanied by a written declaration by the principal officers, manager or authorized trustee stating the basis in both law and fact for the statement that the organization is not a private foundation, and that to the best of the knowledge and belief of such officer, manager or trustee the information submitted is complete and correct.

If in your opinion the organization is a private foundation as defined in section 509(a) of the Code, it will be necessary that your governing documents be amended to meet the requirements of section 508(e) of the Code. An example of a suitable amendment to add to your governing document may be found in Revenue Ruling 70-270 IRB 1970-22,8.

It is also noted that there is no dedication of asset clause in the certificate. In the event of dissolution the assets of the corporation must be dedicated to an organization described in section 501(c)(3) and 170(c) of the Internal Revenue Code. An example of such clause would be as follows:

"In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations which themselves are exempt as organizations described in section 501(c)(3) and 170(c) of the Internal Revenue Code of 1954, or corresponding sections of any prior or future Internal Revenue Code, or to the Federal, State or Local government for exclusive public purpose.

Lawton Family Foundation, Inc.

Accordingly, you are requested to amend your Articles of Incorporation to provide for the distribution of the assets upon dissolution and one copy of the amendment to be submitted to this office, mark for my attention.

If the requested information is not received within 30 days, we will have no alternative but to assume that you do not want us to consider your application further, and we will close your case.

Sincerely yours,



Donald P. Green
Exempt Organization Specialist