



U. S. TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE

DISTRICT DIRECTOR  
MILWAUKEE 1, WISCONSIN

P. O. Box 1157

November 27, 1962

IN REPLY REFER TO  
A:F:GMB:EP

Wisconsin Alumni Research Foundation  
506 North Walnut Street  
Madison 5, Wisconsin

Gentlemen:

It is the recommendation of this office that your tax-exempt status under Internal Revenue Code section 501(a) as an organization described under section 501(c)(3) be retroactively revoked to January 1, 1959.

This proposal is based on the fact that you are engaged in the development and exploitation of inventions, formulae, processes, etc. which constitute a competitive business carried on for profit. You are also engaged in investment activities and the making of grants to the University of Wisconsin. The purpose of your income producing activities is to provide funds to the University and further the acquisition of income producing properties. The size and extent of your competitive business is such that its conduct constitutes a primary purpose of your organization so as to bring it within the scope of Internal Revenue Code section 502 as a feeder corporation, the fact that profits are payable to a tax-exempt organization notwithstanding. (See Senate Finance Committee Report 2375, 81st Congress 2nd Session, 1950-2 CB 509 and SICO Foundation vs. U. S., U. S. Ct. Clms. No. 505-58, 11-1-61, 61-2 USDC 9732, rehearing denied U. S. Ct. Clms No. 338-57, 1-21-62, 62-1 USTC 9198).

In addition, the amendments to your articles of incorporation at article 2, paragraphs 4 and 5, which permit your organization to contract with others not connected with the University in obtaining, perfecting and/or maintaining of patents and for the testing, development, improvement, manufacture, use and disposition of the rights therein indicates that you are organized for profit and precludes exemption under Code section 501(c)(3) as an organization organized and operated exclusively for charitable or other non-profitable purposes (see also Regulations section 1.501(a)-1(a)(2)).

In the event that your organization would ultimately be considered to be tax-exempt, the size and extent of your development and licensing operations would subject the income therefrom to the unrelated business income tax as imposed by Code section 511.

Your representatives have indicated disagreement to the proposed revocation and desire an informal conference. A separate letter inviting you to a conference is being sent to you concurrently. A request for a conference may be accompanied by a brief of the facts, law and argument in protest of the proposed action.

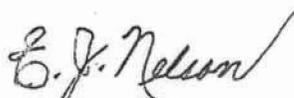
R420:1-25-63  
Annual Invest.

Wisconsin Alumni Research Foundation

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In the event that the findings of the conferee are unsatisfactory to you with respect to the proposed revocation, you will be given an opportunity to have a conference at the National Office of the Internal Revenue Service in Washington, D. C. along with the submission of a brief prior to the issuance of any adverse ruling.

Very truly yours,



E. J. Nelson  
District Director

R420:1-25-63  
Annual Invest.



U. S. TREASURY DEPARTMENT

INTERNAL REVENUE SERVICE

DISTRICT DIRECTOR

P.O. BOX 1157 - FEDERAL BUILDING

MILWAUKEE 1, WISCONSIN

November 27, 1962

Wisconsin Alumni Research Foundation  
506 North Walnut Street  
Madison 5, Wisconsin

Gentlemen:

Re: Revocation of Tax-Exempt Status

During the recent examination of your tax liability, the adjustments shown on the attached statement were proposed. You did not agree with those marked with an (\*).

If you have since decided to accept these adjustments, we would appreciate your notifying the conferee whose name and address are shown below.

In the event you still do not agree to the adjustments, we would like to arrange an informal conference to give you an opportunity to discuss these adjustments further and to submit additional or supporting information. A member of our staff would represent this office at such a conference and he will have full authority to modify the proposed adjustments to the extent warranted by law and regulations on the basis of the information submitted.

If you would like such a conference, please telephone or write within ten days from the date of this letter to the conferee assigned. He will schedule the conference for a mutually convenient time and place.

We would appreciate your submission of a brief informal statement of your position, with supporting information, in advance of the conference. Although not required, such a written statement would assist the conferee in resolving the issues. If necessary, you may request additional time for submitting such a statement when you contact the conferee to arrange for the conference.

If you desire you may be accompanied by anyone having knowledge of the facts who can furnish information in support of your position. However, if you want to be represented by an attorney or an agent (whether or not you are personally present), he must be enrolled to practice before the Treasury Department and he must file with the conferee a power of attorney, in duplicate, authorizing him to act for you. If more than one taxable year is involved, an exact copy of the power of attorney should be furnished for each year.

If within the ten days you do not agree to the findings or request an informal conference, you will be furnished a report of the proposed adjustments and a notice giving you thirty days within which you may submit a formal protest.

Very truly yours,

*L. Ruffing*  
Conference Coordinator

Enclosure:

Statement of Examining Officer's Proposed Adjustments

NAME AND ADDRESS OF CONFEREE Mr. E. W. Kaercher Room 601 Federal Building Milwaukee 1, Wisconsin	TELEPHONE NO. BRoadway 2-8600
	EXTENSION 412

FORM L-70 (REV. 1-61)

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FORM 2808  
(REV. MAR. 1961)

U. S. TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE

STATEMENT OF EXAMINING OFFICER'S PROPOSED ADJUSTMENTS

INCOME  
TAX

NAME AND ADDRESS OF TAXPAYER

Wisconsin Alumni Research Foundation  
506 North Walnut Street  
Madison 5, Wisconsin

YEAR ENDED (or period)

ITEM

ITEM			
1. Adjusted gross or taxable income shown on return	\$	\$	\$
2. Net adjustments as computed below			
3. Proposed adjusted gross or taxable income	\$	\$	\$
4. Proposed increase (decrease) and explanation:			
	\$	\$	\$

\* It is proposed that your tax-exempt status under Internal Revenue Code section 501(a) as an organization described under section 501(c)(3) be revoked retroactively to January 1, 1959, because your organization is operated for the primary purpose of carrying on a business for profit. (See SICO Foundation vs. U. S., U. S. Ct. Clms. No. 505-58, 11-1-61, 61-2 USTC 9732, rehearing denied 62-1 USTC 9198 and section 502, Internal Revenue Code).

\* In the alternative, if your organization would ultimately be considered to be tax-exempt, the size and extent of your development and licensing operations would subject the income therefrom to the unrelated business income tax under Code section 511.