

### Attachments

1. Perjury Statement
2. Certificate of Amendment changing Organization's name to "True the Vote"
3. Nat. Right to Work Legal Defense and Education Foundation, Inc., 487 F. Supp. 801 (E.D.N.C. 1979).
4. Copy of Submission (to be forward to Washington, D.C. IRS office).

BOSTON  
BRUSSELS  
CHICAGO  
DETROIT

JACKSONVILLE  
LOS ANGELES  
MADISON  
MIAMI

MILWAUKEE  
NEW YORK  
ORLANDO  
SACRAMENTO

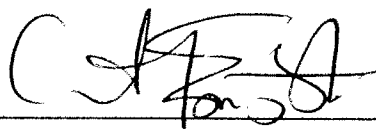
SAN DIEGO  
SAN DIEGO/DEL MAR  
SAN FRANCISCO  
SHANGHAI

SILICON VALLEY  
TALLAHASSEE  
TAMPA  
TOKYO  
WASHINGTON, D.C.

### PERJURY STATEMENT

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

TRUE THE VOTE

By:   
Catherine Engelbrecht, President



## Office of the Secretary of State

### CERTIFICATE OF FILING OF

True the Vote, Inc.  
801278527

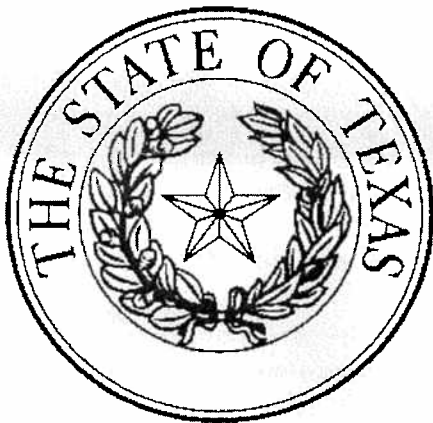
[formerly: KSP/True the Vote]

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Amendment for the above named entity has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

Dated: 08/26/2011

Effective: 08/26/2011



A handwritten signature in black ink, appearing to read "Hope Andrade".

Hope Andrade  
Secretary of State

**Form 424  
(Revised 05/11)**

Submit in duplicate to:  
Secretary of State  
P.O. Box 13697  
Austin, TX 78711-3697  
512 463-5555  
FAX: 512/463-5709

**Filing Fee: See instructions**



**Certificate of Amendment**

This space reserved for office use.

**FILED**  
In the Office of the  
Secretary of State of Texas

AUG 26 2011

**Corporations Section**

**Entity Information**

The name of the filing entity is:

KSP/True the Vote

State the name of the entity as currently shown in the records of the secretary of state. If the amendment changes the name of the entity, state the old name and not the new name.

The filing entity is a: (Select the appropriate entity type below.)

- |   |   |
|---|---|
| <input type="checkbox"/> For-profit Corporation           | <input type="checkbox"/> Professional Corporation               |
| <input checked="" type="checkbox"/> Nonprofit Corporation | <input type="checkbox"/> Professional Limited Liability Company |
| <input type="checkbox"/> Cooperative Association          | <input type="checkbox"/> Professional Association               |
| <input type="checkbox"/> Limited Liability Company        | <input type="checkbox"/> Limited Partnership                    |

The file number issued to the filing entity by the secretary of state is: 80278527

The date of formation of the entity is: 06/07/2010

**Amendments**

**1. Amended Name**

(If the purpose of the certificate of amendment is to change the name of the entity, use the following statement)

The amendment changes the certificate of formation to change the article or provision that names the filing entity. The article or provision is amended to read as follows:

The name of the filing entity is: (state the new name of the entity below)

True the Vote, Inc.

The name of the entity must contain an organizational designation or accepted abbreviation of such term, as applicable.

**2. Amended Registered Agent/Registered Office**

The amendment changes the certificate of formation to change the article or provision stating the

Registered Agent

(Complete either A or B, but not both. Also complete C.)

☐ A. The registered agent is an organization (cannot be entity named above) by the name of:

OR

☒ B. The registered agent is an individual resident of the state whose name is:

Catherine

R

Engelbrecht

*First Name*

*M.I.*

*Last Name*

*Suffix*

The person executing this instrument affirms that the person designated as the new registered agent has consented to serve as registered agent.

C. The business address of the registered agent and the registered office address is:

7232 Wynnwood Lane

Houston

TX

77008-6041

*Street Address (No P.O. Box)*

*City*

*State*

*Zip Code*

### 3. Other Added, Altered, or Deleted Provisions

Other changes or additions to the certificate of formation may be made in the space provided below. If the space provided is insufficient, incorporate the additional text by providing an attachment to this form. Please read the instructions to this form for further information on format.

Text Area (The attached addendum, if any, is incorporated herein by reference.)

☐ **Add** each of the following provisions to the certificate of formation. The identification or reference of the added provision and the full text are as follows:

☐ **Alter** each of the following provisions of the certificate of formation. The identification or reference of the altered provision and the full text of the provision as amended are as follows:

☐ **Delete** each of the provisions identified below from the certificate of formation.

### Statement of Approval

The amendments to the certificate of formation have been approved in the manner required by the Texas Business Organizations Code and by the governing documents of the entity.

Registered Agent

(Complete either A or B, but not both. Also complete C.)

☐ A. The registered agent is an **organization** (cannot be entity named above) by the name of:

OR

☒ B. The registered agent is an **individual** resident of the state whose name is:

Catherine

R

Engelbrecht

*First Name*

*M.I.*

*Last Name*

*Suffix*

The person executing this instrument affirms that the person designated as the new registered agent has consented to serve as registered agent.

C. The **business address** of the registered agent and the registered office address is:

7232 Wynnwood Lane

Houston

TX

77008-6041

*Street Address (No P.O. Box)*

*City*

*State*

*Zip Code*

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☐ **Delete** each of the provisions identified below from the certificate of formation.

**Statement of Approval**

The amendments to the certificate of formation have been approved in the manner required by the Texas Business Organizations Code and by the governing documents of the entity.

## Checkpoint Contents

Federal Library

Federal Source Materials

Federal Tax Decisions

American Federal Tax Reports

American Federal Tax Reports (Prior Years)

1980

AFTR 2d Vol. 45

45 AFTR 2d 80-785 (611 F.2d 990) - 45 AFTR 2d 80-645

NAT. RIGHT TO WORK LEGAL DEFENSE & EDUCATION FOUNDATION, INC. v. U.S., 45 AFTR 2d 80-764, Code Sec(s) 501; 7805, (DC-NC), 12/21/1979

American Federal Tax Reports

## NAT. RIGHT TO WORK LEGAL DEFENSE & EDUCATION FOUNDATION, INC. v. U.S., Cite as 45 AFTR 2d 80-764, 12/21/1979 , Code Sec(s) 7805

NATIONAL RIGHT TO WORK LEGAL DEFENSE AND EDUCATION FOUNDATION, INC., PLAINTIFF v. U.S., DEFENDANT.

### Case Information:

<b>Code Sec(s):</b>	7805
<b>Court Name:</b>	U.S. District Court, Eastern Dist. of North Carolina, Raleigh Div.,
<b>Docket No.:</b>	No. 77-378-CIV-5,
<b>Date Decided:</b>	12/21/1979
<b>Disposition:</b>	Decision for taxpayer.
<b>Cites:</b>	45 AFTR 2d 80-764, 487 F Supp 801, 80-1 USTC P 9155.

### HEADNOTE

**1. MISCELLANEOUS GENERAL RULES—Application of internal revenue laws—organization plans and related material.** Denial of tax exempt status wasn't within IRS discretionary powers. Court took de novo approach and determined taxpayer's construction of statutes and regulations was more legally correct.

*Reference(s):* 1980 P-H Fed ¶41,875(5). Code Sec. 7805 .

**2. EXEMPT ORGANIZATIONS—Organization descriptions—religious, charitable, etc., organizations—exempt purposes in general.** Organization established to assist workers in litigating their right to work was charitable organization. Right to work was human and civil right secured by law and recognized by Constitution. Corporate charter wasn't overbroad.

*Reference(s):* 1980 P-H Fed ¶121,023(62). Code Sec. 501 .

## OPINION

Joseph C. Moore, Jr., Young, Moore, Henderson & Alvis, P.O. Box 19207, Raleigh, N.C., Richard H. Mansfield III, Richard J. Clair, Webster & Chamberlain, 1747 Pa. Ave., N.W., Wash., D.C., Attys. for Plaintiff.

Robert L. Welsh, Atty., Tax Div., Dept. of Justice, Wash., D.C., for Defendant.

**Judge:** DUPREE, JR., District Judge:

## Memorandum Of Decision

The plaintiff, the National Right To Work Legal Defense and Education Foundation, Inc. (the Foundation), brings this tax refund action pursuant to 26 U.S.C. §7422 against the United States contesting the conclusion of the Internal Revenue Service that the plaintiff is not a charitable organization and therefore exempt from taxation under the Internal Revenue Code. From the trial conducted by the court without a jury on November 15, 1979 the court finds the following pertinent facts:


The articles of incorporation of the Foundation state that its purpose is "[t]o take all legitimate action to further the defense of the rights of workers who are suffering legal injustice as a result of employment discrimination under compulsory unionism arrangements, and to assist such workers in protecting rights guaranteed to them under the Constitution and laws of the United States without fee or charge to such workers .... To prepare educational materials dealing with employment discrimination under compulsory unionism arrangements .... To undertake studies and research ... concerning the effects of compulsory unionism." The Foundation's primary activity in pursuit of these goals is to provide legal aid to those workers who suffer discrimination through compulsory unionism arrangements.

The Foundation selects its cases in order to (1) establish legal precedents protecting every American against abuses of human and civil rights growing out of compulsory unionism; and (2) to provide legal aid for insuring that rights established by law and legal interpretation are, in fact, obtainable by each employee. Whether a case is accepted depends on the magnitude of the alleged injustice, the factual strength of the employee's case, the possibility of establishing new legal precedent, and the probable costs of assistance.

The complaints in the cases sponsored by the Foundation reflect these enumerated standards; they all deal with a "right to work." The primary claim for relief in roughly eighty per cent of all the cases involves the constitutional right of workers to be free from alleged union abuses. The remaining twenty per cent of the cases involve [pg. 80-765] the enforcement of statutory rights with separate constitutional claims that are




secondary to the primary statutory claim. The Foundation has sponsored landmark litigation and has submitted amicus curiae briefs in matters before the United States Supreme Court.

The Foundation was originally incorporated pursuant to the District of Columbia Non-Profit Corporation Act. In addition to the purposes enumerated above, the articles of incorporation provide that the Foundation is to operate exclusively for charitable purposes, so that it may be exempt from taxation. See  26 U.S.C. §501(c)(3). The IRS determined on January 20, 1969 in a private letter ruling that the D.C. corporation was tax-exempt.

The trustees of the D.C. corporation decided in 1975 to reincorporate the organization in North Carolina. The trustees regarded North Carolina as a more favorable environment for the Foundation because of the state's right-to-work law. The reincorporation was to be accomplished by forming a North Carolina corporation with the same name, and to have the corporation merge with the D.C. corporation. The North Carolina corporation was to be the surviving entity.

The articles of incorporation of the North Carolina corporation are identical to those of the D.C. corporation. The personnel of the corporations are the same and the North Carolina corporation is to continue operations in the same manner as the District of Columbia corporation has heretofore done. Only a few lawsuits sponsored by the Foundation have been filed since the incorporation in North Carolina. These reflect, however, the same type of litigation previously sponsored by the D. C. organization.

Because of the reincorporation, the Foundation was required by law again to apply for exemption from taxation with the IRS. It applied for the exemption on May 12, 1975. Instead of merely rubber-stamping the exemption application, however, the IRS requested further information from the Foundation on June 27, 1975. The information was promptly furnished on July 17, 1975. Nevertheless, the IRS did not rule on the application until two and a half years later, and only after repeated requests for an expedited ruling and for a conference. The conference request was denied, with no explanation for the delay. The IRS ruled on November 4, 1977 that the Foundation is not an exempt organization under the Code. The rationale articulated within the IRS private letter ruling is that the organization is not organized for charitable purposes under Section 501(c)(3) of the Code.

Under  26 U.S.C. §7805, the Commissioner of Internal Revenue is empowered to promulgate various regulations articulating the definition of a charitable organization. Those regulations provide that an exempt charitable organization must be organized and operated exclusively for one or more specified purposes. 26 C.F.R. §1.501(c)(3)-1(a)(1). One of those purposes is the promotion of social welfare by defending "human and civil rights secured by law." 42 C.F.R. §1.501(c)(3)-1(d)(2).

The Commissioner determined that Right to Work is not organized for the purpose of defending "human and civil rights secured by law." The following reasons were stated for the conclusion:

"We conclude that the phrase 'human and civil rights secured by law' refers only to those human and civil rights that can be clearly demonstrated to be of sufficiently broad public concern that their defense promotes the social welfare. The phrase as used under section 501

(c)(3) of the Code does not include statutory rights that are merely 'similar to' certain fundamental human and civil rights guaranteed by the United States Constitution.

"The phrase 'human and civil rights' refers only to those individual liberties, freedoms, and privileges involving human dignity that are either specifically guaranteed by the U.S. Constitution or by a special statutory provision coming directly within the scope of the 13th or 14th Amendment, some other comparable constitutional provision, or that otherwise fall within the protection of the Constitution by reason of their long established recognition at the common law as rights that are essential to the orderly pursuit of happiness by free men. Both the fundamental character and the wide ranging scope of such constitutionally protected rights of individual citizens have been repeatedly recognized in a long series of Supreme Court decisions that include *Doe v. Bolton*, 410 U.S. 179 (1973); *Griswold v. Connecticut*, 381 U.S. 479 (1964); *Aptheker v. Secretary of State*, 378 U.S. 500 (1963); and *Meyer v. Nebraska*, 262 U.S. 390, 299 (1923).

[pg. 80-766]

"The information submitted indicates that your principal activity involves providing legal aid to employees whose rights are violated under compulsory unionism arrangements. Although constitutional issues may be involved, the information submitted shows that your criterion for intervention in a case is whether there is a grievance arising out of a compulsory union membership requirement. Accordingly, your primary activity is not restricted to defending 'human and civil rights secured by law.'

"For this reason we rule that your primary activity is not a charitable activity, and that you are not entitled to recognition of exemption under section 501(c)(3) of the Code. You are required to file Federal income tax returns."

The Foundation complied with the IRS ruling and filed tax returns, although it pursued appropriate avenues of protest and review. An employer's wages tax (FICA) was paid under protest in the amount of \$23.40. The denial of a favorable ruling has caused diminished donations because prospective donors to the Foundation cannot be assured that their contributions will be deductible for federal income, estate and gift tax purposes.

☞ 26 U.S.C. §§170, 2055, 2106, 2522.

The merger of the D.C. and North Carolina organizations has yet to be consummated. Because the North Carolina corporation was denied exempt status, the IRS is prepared to revoke the exemption previously approved for the D.C. corporation. The IRS has agreed to await further action against the D.C. corporation pending the ruling of this court.

The foregoing facts have engendered the following legal conclusions:

(I.) Scope of Review. Prior to an examination of the underlying merits, a brief discussion on the standard of review to be applied to the Commissioner's private letter ruling is necessary. The IRS argues that the Commissioner's decision was invoked pursuant to the discretionary powers conferred by ☞ 26 U.S.C.

§7805 upon the Secretary of the Treasury. Were the Commissioner's decision made under Section 7805, the court's inquiry would be limited to determining whether the decision was an abuse of discretion and without rational basis. E.g., *Bicknell v. United States*, 422 F.2d 1055 [ 25 AFTR 2d 70-1661] (5th Cir. 1970). However, the Secretary's Section 7805 discretion is not involved in his decision on tax exempt status. The section only empowers him (1) to promulgate various rules and regulations in order to carry out the provisions of the Internal Revenue Code, and (2) to make determinations of tax liability as either prospective or retroactive. These two discretionary powers do not touch upon the separate task of determining whether one is tax exempt under the Code. The discretionary power to promulgate a regulation specifying a statutory exemption differs from the power to determine whether the statute exempts a particular taxpayer. Similarly, a discretionary decision on the retroactivity of a tax liability can be made only after the separate determination that the taxpayer is not tax exempt. Thus the Section 7805 "abuse of discretion" standard of review is not applicable. Tax refund actions require a redetermination of the entire tax liability. *Lewis v. Reynolds*, 284 U.S. 281, 283 [ 10 AFTR 773] (1932). Consequently, the factual and legal analysis of the Commissioner is of no concern to the district court. *Kentucky Trust Company v. Glenn*, 217 F.2d 462, 465-66 [ 46 AFTR 1181] (6th Cir. 1954). The court's determination is de novo. The court does not review the action of the Commissioner, for there is in fact no record to review. Cf., *O'Dwyer v. Commissioner of Internal Revenue*, 266 F.2d 575, 580 [ 3 AFTR 2d 1386] (4th Cir. 1959), cert. denied, 361 U.S. 862 (1960). Thus, the court does not sit in judgment of the Commissioner; the court places itself in the shoes of the Commissioner. *Pierson v. United States*, 428 F.Supp. 384, 388 [ 39 AFTR 2d 77-1015] (D.Del. 1977). The applicability of the de novo standard determines the weight given to the Commissioner's private letter ruling issued to the plaintiff Foundation. Revenue rulings are merely the opinions of lawyers within the IRS. If a ruling is an improper and incorrect interpretation of the law, it is without force. *Idaho Power Company v. Commissioner of Internal Revenue*, 477 F.2d 688 [ 31 AFTR 2d 73-1143] (9th Cir. 1973), reversed on other grounds, 418 U.S. 1 [ 34 AFTR 2d 74-5244] (1974). If, however, the prior revenue ruling is consistent with the court's separate and independent construction of the exemption provisions, the ruling can serve as some evidence that the court's independent evaluation is correct. *Hanover Bank v. Commissioner*, 369 U.S. 672, 686-87 and n. 19 [ 9 AFTR 2d 1492] (1962). [pg. 80-767] Accordingly, the court concludes that the Foundation needs only to show that its construction of the applicable statute and regulations is the more legally correct interpretation.[2]

(II.) The Right to Work As A Human and Civil Right. IRS regulations provide that one way to be a charitable organization under the Code is to defend human and civil rights secured by law. The Commissioner construes "human and civil rights secured by law" to be "one of those individual liberties, freedoms, and privileges involving human dignity that are specifically guaranteed by the United States Constitution ... " and concludes "[t]he right to work is not such a right." (Defendants' post-trial memorandum, p. 2.) The United States Supreme Court disagrees:

"[T]he right to work for a living in the common occupations of the community is of the very essence of the personal freedom and opportunity that it was the purpose of the [Fourteenth] Amendment to secure." *Truax v. Raich*, 239 U.S. 33, 41 (1915).

Indeed, the concept of the right to work as liberty's cornerstone is so ingrained in our society that this state's legislature has concluded that "the right to live includes the right to work." N.C.G.S. §95-78.

Moreover, a reading of the pertinent cases reveals that the courts have rarely articulated a fundamental right with more sweeping eloquence and affection than they have the right to work. E.g., *Railway Employees' Department v. Hanson*, 351 U.S. 225, 234 n. 6 (1956) "[b]ut the American people ... will not consent to the exchange of the tyranny of the employer for the tyranny of the employee". Like all fundamental rights, however, the right to work is not absolute, for it is subject to the limitations of compelling state interests. For instance, the right is limited by the interest of the federal government under the commerce clause in assuring efficient and peaceful applications of the nation's laws. Hence, a compulsory union arrangement permitted by federal statute does not per se violate one's right to work. *Hanson*, supra. Yet, a governmental limitation upon the right does not destroy its existence. Rather, the right lives with a constant tension between it and the competing state interest. In some instances the competing state interest prevails and in others the right to work prevails. For example, a compulsory union arrangement can exist if permitted by federal and state statute; but the same arrangement cannot condition membership upon force contributions going to political causes with which the contributor does not agree. *Abood v. Detroit Board of Education*, 431 U.S. 209 (1977). It is with this tension between the right to work and the competing state interest the plaintiff's litigation is primarily concerned. The sponsored litigation deals with those instances in which, the judgment of the plaintiffs, a compulsory union arrangement oversteps the boundaries drawn by the right to work. Thus, the Commissioner's conclusion that the right to work is not an "individual liberty involving a human dignity specifically guaranteed by the Constitution" is in error. The defendant argues, however, that the right to work is protected by the Constitution only in the context of an individual *versus the state* and that the cases do not stand for the proposition that the right to work is a generally protected constitutional right of all individuals against all persons. E.g., *Truax*, supra; *Meyer v. Nebraska*, 262 U.S. 390 (1923). The government's distinction is patently meritless for a variety of reasons. First, the distinction is contradictory. A fundamental right that would be protectable only against governments and not against private persons is fundamental in name only. The courts do not countenance that contradiction. For example, in *Abood*, supra, the Supreme Court prohibited a closed shop union from using compulsory fees for political causes; the limitation was not placed merely upon a government. Similarly, the constitutionally protected right to an abortion in the first trimester of pregnancy has been protected against private individuals (parents), *Planned Parenthood v. Danforth*, 428 U.S. 52, 75 (1976); *Wynn v. Carey*, 582 F.2d 1375, 1386 (7th Cir. 1978), not just the state, *Roe v. Wade*, 410 U.S. 113 (1973). Secondly, the defendant contradicts its position within its own interpretation of the meaning of human and civil rights secured by law. The Commissioner includes within "human and civil rights" those human dignities that are specifically guaranteed by a special statutory provision coming directly within the scope of the Thirteenth or Fourteenth Amendments. The Thirteenth Amendment is a direct prohibition upon individuals and not merely governments. Moreover, Congress has enacted legislation under Section 5 of [pg. 80-768] the Fourteenth Amendment that directly applies to individuals, such as 42 U.S.C. §§1983 and 2000e (Title VII). The conclusion is that the right to work is a human and civil right secured by law.

(III.) Litigating the Right to Work As A Charitable Activity. Even if the activities for which the plaintiff were organized do not defend "human and civil rights secured by law," the issue of whether the Foundation is a charitable organization is not resolved. Regulations and judicial precedent provide that "charitable

organization" is to be construed in its legal sense and is not to be limited by the listing of activities approved by the IRS. The law favors charitable organizations because they perform public services that relieve the public sector pro tanto from a burden that otherwise would be imposed upon it. *Duffy v. Birmingham*, 190 F.2d 738 [ 40 AFTR 1048] (8th Cir. 1951). The common element in all charitable organizations is that they are designed to accomplish objectives which are beneficial to the community and area. *Bank of Carthage v. United States*, 304 F.Supp. 77, 80 [ 24 AFTR 2d 69-6049] (W.D.Mo. 1969). Therefore, the threshold question is whether the taxpayer renders community benefit. *Center on Corporate Responsibility, Inc. v. Shultz*, 368 F.Supp. 863 [ 33 AFTR 2d 74-368] (D.D.C. 1973); Restatement 2d Trusts §§368 and 374 (1959). In weighing the benefit rendered, the court does not decide whether the organization is taking the wisest course in trying to help the community; nor is the popularity of the organization's cause determinative. Restatement 2d Trust §374, Comments k, n and l, pp. 260-61 (1959); see also *Girard Trust Company v. Commissioner of IRS*, 122 F.2d 108 [ 27 AFTR 808] (3rd Cir. 1941). Nevertheless, the court is free to consider the organization's views in determining whether the organization's methods and ends might, in the eyes of others, render community benefit. *Shultz*, supra. The defense of each citizen's right to work under the First, Fifth and Fourteenth Amendments is a noble objective. The public has a paramount interest in insuring that compulsory union arrangements do not unnecessarily impinge upon each worker's freedom of thought, association or speech. E.g., *Abood*, supra. Litigation is an appropriate vehicle for an organization to accomplish that objective. *Shultz*, supra; Revenue Procedure 71-39, 1971-2 Cumulative Bulletin p. 575. Thus, plaintiff's activities are "charitable" as the term is defined in Section 501 of the Code, regardless of whether the activities defend human or civil rights secured by law.

(IV.) Alleged Overbreadth of Corporate Charter. Regulations provide that in order for a corporation to be properly organized as a charitable organization, the articles of incorporation must not be worded so broadly as to permit the organization to engage in operations that are not primarily charitable. 42 C.F.R. §1.501(c)(3)-1(b)(1)(iv). The Foundation's charter empowers the organization "to take all legitimate action to further the defense of the rights of workers who are suffering legal injustice as a result of employment discrimination under compulsory unionism arrangements." Conceding for the sake of argument that litigating against the infringement upon the right to work is a charitable activity, the IRS argues that the quoted provision above is overbroad because it allows the taxpayer to "entertain any grievance arising out of a compulsory unionism requirement" and not confine its activities to the litigation of cases raising constitutional questions. (Defendants' post-trial memorandum, p. 4.)<sup>1</sup> A corporate charter is a contract, *Trustees of Dartmouth College v. Woodward*, 17 U.S. (4 Wheat.) 517, 704 (1819); thus, the rules of construction of contracts apply. 19 C.J.S. Corporations §1948(a). The meaning of a corporate charter is to be ascertained first from its specific, clear and unambiguous words taken in their ordinary sense. *Jamestown Mutual Insurance Company v. Nationwide Mutual Insurance Company*, 266 N.C. 430, 146 S.E.2d 410 (1966).<sup>2</sup> Should specific words within the charter not resolve an ambiguity, the charter is to be construed as a whole and each clause and word must be considered with reference to the other provisions of the charter. *Security National Bank v. Educators Mutual Life Insurance Company*, 265 N.C. 86, 143 S.E.2d 270 (1965). Moreover, [pg. 80-769] when a charter is being construed to determine whether a corporation is exempt from taxation, the charter is to be construed in favor of the public. *People v. New York State Board of Tax Commissioners*, 199 U.S. 1 (1905). Under these rules of construction, the court cannot fathom how a "legal injustice resulting from employment discrimination

under compulsory unionism" can be construed to cover "any grievance" arising out of a compulsory unionism requirement. The terms "legal injustice" and "employment discrimination" connote questions of fundamental rights and do not encompass procedural nuances that may be involved in, say, NLRB or EEOC grievance mechanisms. Moreover, the contested clause is limited by the conjunctive clause "and to assist such workers in protecting rights guaranteed to them under the Constitution and laws of the United States." Finally, the charter should not be broadly read to include just any grievance under a compulsory union arrangement, for to do so would result in denying tax exemption to an organization that benefits the public. New York State Board of Tax Commissioners, *supra*.

The judgment of the court is that the plaintiff is organized and operating as a charitable organization and is thus exempt from taxation.

An appropriate judgment will be entered.

1

Plaintiff argues that its charter cannot possibly be construed to permit it to engage in non-charitable activities because the charter specifically provides that it is operated exclusively for charitable purposes. However, if other provisions within the corporate charter permit the organization to engage in non-charitable activities, the corporation does not meet the definition of "charitable," even if its articles may state that the organization is created for charitable purposes within the meaning of Section 501 of the Code. 42 C.F.R. §1.501(c)(3)-1(b)(1)(iii).

2

Regulations provide that the law of the state in which an organization is created shall be controlling in the construction of the terms of its articles. 42 C.F.R. §1.501(c)(3)-1(b)(5).

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