

EXHIBIT 10

POLITICAL ACTION

Propaganda v. Political Education

An organization qualifying for tax-exempt status under section 501(c)(3) of the Internal Revenue Code may not participate in political activity. Tax exemption is granted by the Internal Revenue Code only to an organization where no substantial part of the activities carried on by the foundation is concerned with political propaganda to influence legislation or to influence any political campaign on behalf of any candidate for public office. This includes a prohibition against publishing or distributing statements that may have effect on legislation or a political campaign.

In addition, both the Treasury Department and the federal courts have found that indirect contacts with individuals to influence legislation is also political activity. In other words, your foundation may not influence its contributors or members or customers to write their Congressmen. There is nothing wrong with these persons writing to their Congressmen, but the influence for the letter may not be derived from activities of the foundation.

Legislation has been defined to include action by Congress, any state legislature, any local governing body or the public in a referendum, initiative, constitutional amendment or other similar procedure.

Under the Internal Revenue Code political activity must be substantial in order to bar an organization from exempt status, but since this is a question of fact, no legal guidelines can be given as to what is substantial or what is insubstantial. There have been no cases to date defining what is substantial or insubstantial political activity.

The term "propaganda" has also never been defined clearly by the courts. It would seem that the legal definition of the word is much less general in scope than the dictionary meaning. However, a general guideline could be that propaganda is matter that is disseminated or distributed not primarily to benefit the individual receiving the information, but to accomplish the purpose or purposes of the person who instigated the propaganda.

A 501(c)(3) organization, on the other hand, may be formed to accomplish political education. An early court case involved an institution that was organized and operated for the purpose of advocating good municipal government and opposing measures of detrimental nature to the municipality. This organization was found to be a political action organization. However, when this case was

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