

International Association for
Cryptologic Research
764 Forest Avenue
Palo Alto, California 94301

March 12, 1986

Internal Revenue Service
Assistant Commissioner (Employee
Plans and Exempt Organizations)
1111 Constitution Avenue
Washington, D.C. 20224
Attention: E:AD:C

Ladies and Gentlemen:

As Secretary-Treasurer of the International Association for Cryptologic Research (the "Association"), a not-for-profit scientific research organization whose Form 1023 Application for Recognition of Exemption accompanies this letter, I am writing to request relief under regulations section 1.9100 from the application of section 508(a) of the Internal Revenue Code (the "Code"). In accordance with Revenue Procedure 79-63, I am submitting the following facts for your consideration when evaluating this request.

1. Diligence of Taxpayer

The present application for recognition of the Association's tax-exempt status under section 501(c)(3) of the

International Association for
Cryptologic Research
March 12, 1986
Page 2

Code is being filed 18 months after the expiration of 15 months following the Association's formation. These figures are misleading, however. In 1983 the Computer Science Department of the University of California at Santa Barbara decided to discontinue annual conferences on cryptologic research which it had previously hosted and donated \$5,000 from its conference receipts to the Association, which was formed to carry on and expand the conference series and related activities. The Association was thus incorporated in 1983 and received the \$5,000 start-up grant in that year but, as the accompanying Statement of Support, Revenue and Expenses for 1983 shows, the Association conducted no activities in 1983, except for those involved in its formation and in carrying on an "electronic bulletin board" originally maintained by the UCSB Computer Science Department, and had only three dues-paying members. Not until 1984 did the Association become functional, offering its first conference in April of that year. In a practical sense, the Association thus began its existence in April of 1984, rather than June of 1983.

In 1984, well before the expiration of 15 months from the date on which the Association technically was formed, the Association's then-Secretary, Dr. Robert Juneman (c/o Computer Science Corporation, 6565 Arlington Boulevard, Falls Church, Virginia 22096) inquired into the requirements for an Application for Recognition of Exemption under section 501(c)(3) of the Code.

International Association for
Cryptologic Research
March 12, 1986
Page 3

Dr. Juneman obtained copies of Form 1023 and undertook to prepare such an application for the Association. Failure to obtain complete information necessary for that application, and difficulties in obtaining review of the application by directors residing in widely-distant locations in this country and abroad, delayed any filing by the Association. In addition to problems of geographical distance, administrative confusion within the Association contributed to the failure to make a timely filing. The Association had and has no full-time or salaried officers or employees; none of its directors or officers has any legal training; and areas of responsibility and chains of command were not clearly defined within the Association until recently. The Association's draft application was known to the board of directors, who expected it to be filed in due course, but completion and filing of the application were repeatedly delayed as Dr. Juneman encountered the difficulties described above.

2. Prompt Action by Taxpayer

In about June of 1985, the Association's board of directors discovered that the time for filing the Form 1023 had expired. The board immediately delegated the Association's newly-elected Secretary-Treasurer, Dr. Thomas Berson (764 Forest Avenue, Palo Alto, California 94301), to take charge of the preparation and filing of an application on Form 1023 and

International Association for
Cryptologic Research
March 12, 1986
Page 4

authorized Dr. Berson to consult legal counsel in that connection.

On July 3, 1985, Dr. Berson first met with Arthur L. Martin, special counsel to the Law Offices of Sanford Jay Rosen (155 Montgomery, 8th Floor, San Francisco, California 94104). With Mr. Martin's assistance, Dr. Berson began preparation of a thoroughly revised application. Completion of the application was delayed by the discovery that the Association's corporate charter had been revoked by the Nevada Secretary of State for failure to make annual filings and payments of fees. The Association, which had never received notice of these requirements or its delinquency in regard to them from its corporate agent for service in Nevada, then undertook to pay the back fees and reinstate its charter. Administrative errors and delays by the Association's corporate agent for services (Laughlin Associates, Inc., 2527 North Carson Street, Suite 205, Carson City, Nevada 89701) complicated and retarded the completion and filing of the Association's Form 1023. This filing was also delayed by difficulties which Dr. Berson encountered in obtaining information regarding receipts from the Association's August 1985 conference. Finally time has been required for Dr. Berson and Mr. Martin to investigate the operation of section 509(a)(2)(B) and to satisfy themselves that the Association has at all times met the test set by that section. Only now, when the Association's charter has been

reinstated, all other relevant questions have been answered and all relevant financial data have been gathered, is the Association's application ready for filing.

3. Intent of Taxpayer

The Association has at all times intended to qualify as a tax-exempt organization under section 501(c)(3) of the Code and has, at all times since its formation, satisfied both the support and gross investment income tests under sections 509(a)(2)(A) and 509(a)(2)(B). At no time has the Association made any distributions or engaged in any activities which are incompatible with the status of an organization exempted from taxation under section 501(c)(3) or inconsistent with the Association's intent to apply for recognition of such exemption.

From its inception, the Association has intended to make a timely application for recognition of its tax-exempt status. The Association's first two Secretaries have devoted considerable time, energy and expense to collecting information from directors across this country and abroad, to attempting to prepare a final Form 1023 application and have it reviewed and approved by those directors, and to consulting attorneys for assistance. As these actions and expenditures demonstrate, the Association has never deviated from its intent to submit an application for recognition

of tax-exempt status and has, in fact, never ceased to be involved in the preparation of such an application.

4. Prejudice to Interests of the Government

Granting retroactive effect to the Association's application would neither prejudice the interests of the United States government nor result in any undue administrative burden.

As noted above, the Association has, in fact, at all times satisfied all requirements for tax-exempt status under section 501(c)(3). At no time has the Association sought the advantage of hindsight in deciding whether, when or how to apply for recognition of its tax-exempt status.

Granting the Association's request for retroactivity will not result in inconvenience to the government from future late filings by the Association. In recognition of the serious problem which has resulted from administrative confusion and difficulties in communication and coordination of activities among its internationally-diverse directors, the Association has authorized its new Secretary-Treasurer, Dr. Thomas Berson, to file the present application and has delegated to him the necessary authority to prosecute that application and conduct future transactions with the Internal Revenue Service, including making timely submission of all subsequent reports to or filings with the Service. To assist Dr. Berson in overseeing the

International Association for
Cryptologic Research
March 12, 1986
Page 7

Association's compliance with provisions of the Internal Revenue Code and other applicable laws, the Association has retained counsel to advise Dr. Berson on legal issues. The Association believes that its clarified delegation of administrative responsibility and retention of legal counsel will enable it to comply fully in the future with all reporting and other requirements applicable to a tax-exempt organization.

5. Statutory and Regulatory Objectives

Granting the Association's request for retroactivity is consistent with the policies and objectives underlying both the provisions of the Code which recognize the tax-exempt status of organizations meeting specified criteria, which the Association has always met, and the regulations adopted pursuant to those provisions. The Association has at all times conducted itself, considered itself and intended to obtain recognition from the Internal Revenue Service of its status as a tax-exempt organization under sections 501(c)(3) and 509(a)(2)(A) and (B) of the Code. The Association has at no time ignored or sought to evade the application process prescribed by regulations under the Code. Refusal of retroactivity would only serve to penalize the Association for failures in timeliness of compliance which have not harmed the interests of the United States government and which the Association has taken steps to prevent from occurring

International Association for
Cryptologic Research
March 12, 1986
Page 8

again. Granting retroactive effect to the Association's application will give recognition to the Association's tax-exempt purpose and manner of operation, historically and at present, and to its good faith intent to comply with all applicable laws and regulations and to conduct future transactions with the Internal Revenue Service in a prompt manner.

Thank you in advance for your consideration of this request. Please do not hesitate to contact the undersigned if you have any questions or require any further information.

International Association for
Cryptologic Research

By: Thomas A. Berson

Title: Secretary-Treasurer

Attestation

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and to the best of my knowledge and belief, the facts submitted in support of this request are true and complete.

Thomas A. Berson
Thomas Berson, Secretary-Treasurer