

**“The Accountability of Diaspora Organizations to Armenians;  
The reason why the creation of more Diaspora organizations are necessary”**

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## **Introduction:**

The following paper argues that in order for Diaspora Armenians and the Republic of Armenia to move forward and work together, more Diaspora organizations need to be created. These new organizations should have specific goals, whose focus should only be to carry out those ends.

This paper first explores that Armenian organizations in the Diaspora are the primary intermediaries between the Diaspora and the Republic of Armenia. However, such organizations have a bare legal or financial accountability to their own members, let alone the Armenian nation (Diaspora and the Republic) at large. Furthermore, none of these organizations have any moral obligation to the Armenian nation, where morality, defined as the well-being of the Armenian nation, is a malleable standard, which can be deconstructed to serve the ends of whoever is in charge.

The paper then proposes that more organizations, with specific goals and agendas, are necessary to foster better relations between the Diaspora and the Republic of Armenia, as well as the long-term survival of the Armenian Diaspora, considering the limited legal accountability such Diaspora organizations owe members of their community.

First, it debunks the myth that fewer Armenian organizations lead to unity of the Armenian people. Second, it proposes that the creation of more organizations will ferment communication between the Diaspora and the Republic, where organizations with focused goals and agendas can utilize specific channels, thereby reducing bureaucratic largesse that precludes efficient discussion. Third, more defined organizations will secure and maximize limited resources. In addition, more organizations would promote the long-term survival of the Armenian Diaspora by affording Armenians in the Diaspora the opportunity to get involved. Ultimately, involvement breeds commitment.

## **Part I: Armenian Organizations; their Importance and Obligations to the Armenian people**

The following section discusses the importance of organizations to a Diaspora, despite the bare legal and moral obligations that such organizations owe to the Diaspora they represent.

**a) Armenian organizations in the Diaspora are the primary intermediaries between the Diaspora and the Republic of Armenia:**

Organizations are the core of any Diaspora community. It is widely accepted that they foster discourse on national identity, culture, consciousness, and loyalty amongst their members. These goals are achieved through different organizations such as schools, political parties, churches, charitable organizations, etc. It is impossible for an ethnic community to be considered a Diaspora if the internal drive and need for self-definition exist but lacks organizational forms for the maintenance of its uniqueness.<sup>1</sup>

Clearly, Diaspora organizations are the link between the Diaspora and the home country. Therefore, the absence of Diaspora organizations suggests that communication between the Diaspora and the home country would not exist.

**b) Legal and Financial Accountability of an Organization:**

The legal and financial duties that Diaspora organization owes to the Diaspora are minimal, despite their importance to a Diaspora.

The legal and financial accountability of *any* organization must be separated into two components: the duties that a board of directors and officers owe to a specific organization and the duties such organization owes to their constituents. In either case, the duties owed to the Armenian nation are minimal.

The board of directors of any organization owe its duty to the organization; not its constituents. They are responsible for managing the organization and are involved in taking decisions crucial to the life and direction of the organization, *i.e.*, adding or removing board members, hiring and firing key officers and employees, engaging auditors and other professionals, and authorizing significant financial transactions and new program initiatives. In carrying out those responsibilities, members of a board of directors must fulfill fiduciary duties to the organization and the public it serves. Those primary legal duties include the duties of *care* and *loyalty*.<sup>2</sup>

The *duty of care* requires a director to be familiar with the organization's finances and activities, and to participate regularly in its governance. In carrying out

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<sup>1</sup> Marina Oussatcheva, *Institutions in Diaspora: The Case of Armenian Community in Russia* (Doctoral Student in Social Anthropology, Institute of Social & Cultural Anthropology, University of Oxford, 2009), available at <http://www.transcomm.ox.ac.uk/working%20papers/WPTC-01-09%20Marina.doc.pdf>.

<sup>2</sup>New York State Department of Law Charities Bureau, Right from the Start Responsibilities of Directors and Officers of Not-For-Profit Corporations ( 2007), available at <http://www.oag.state.ny.us/publications/Right%20from%20the%20Start%20booklet%2009.pdf>.

this duty, a director must act in "good faith" using the "degree of diligence, care and skill" which prudent people would use in similar positions and under similar circumstances.

Directors and officers are charged with an unyielding fiduciary duty, *i.e.*, a duty to act in the interest of the corporation. This duty of loyalty requires that any conflict of interest, real or possible, always be disclosed in advance of joining a board, and as they arise. Board members should avoid transactions in which they or their family members benefit personally. If such transactions are unavoidable, they must disclose them fully and completely to the board.<sup>3</sup>

In order to exercise the *duty of loyalty*, directors must be careful to examine transactions that involve board members or officers. The board must not approve any transaction that is not fair and reasonable, and a board member who has a conflict of interest may not participate in the voting process.

With respect to what an organization owes its constituents, the law is vague at best. The two issues that must be dealt with are: whether an organization is legally operating as the entity it has been set up to operate as, (*i.e.*, a charitable organization being charitable); and whether that organization is legally operating for the purposes it has been set up (*i.e.*, is a charitable organization created for educational purposes involved with education as opposed to a charitable function like environmental protection). This section of the analysis will address the first point, and the next section of the analysis will address the second point, which ties in with the concept of "organizational morality."

An organization operating as a legal entity can take many forms, *e.g.*, a political party engaging in political advocacy; a charitable organization operating as a charity. For the sake of brevity, this paper will only focus on charitable non-profit organizations.

Non-profit organizations are created to achieve a specific objective(s), such as: making grants to operate charities; setting up soup kitchens; teaching children to read; providing health care; supporting cultural institutions; preserving the environment; assisting senior citizens, and so forth. The mission of the organization is described in its certificate of incorporation and/or by-laws or other constituent document.

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<sup>3</sup> *Ibid.*

However, ensuring that a non-profit organization actually conducts its business as a non-profit organization requires egregious actions.

For example, in Internal Revenue Service (IRS) Priv. Ltr. Rul. 200818023, (Feb. 6, 2008), an organization was formed for tax-exempt purpose in order “to coordinate and conduct, through its staff, evangelistic campaigns in a number of countries wherein the people are receptive to the Gospel of Jesus Christ.” However, that organization barely conducted any of those activities. The IRS private letter ruling said that the non-profit organization spent less than one-half of 1% of total revenues on charitable programs and only 3% of total expenses were used for charity during a one-year period.

According to the IRS, that non-profit organization’s primary focus was its “Asset Exchange Programs” rather than charitable programs. The asset exchange program allows people to exchange real estate, securities and annuities for the “Tax Deductible Installment Plan” product that offers a variety of tax benefits. The IRS concluded that the non-profit organization’s charitable programs were not commensurate in scope with its business of selling annuities.

Furthermore, there is a miasma of rules applicable to charitable organizations and how much they must spend for charitable purposes,<sup>4</sup> but are outside the scope of this paper.

What should be concluded from this section is that directors and officers of an organization owe a duty *only* to the organization, and not to the constituents they represent, and that the organization has minimal legal obligations to perform for the benefit of its constituency.

### **c) Moral Accountability:**

The question of whether an organization in the Armenian Diaspora is morally accountable to the Armenian Diaspora or the Republic of Armenia is one eliciting much conjecture and argument. First, the definition of what morality is to the Armenian nation must be established; second, who decides what is good for Armenians in the Diaspora and the Republic of Armenia? And what moral authority do those people have to dictate to the rest of the Armenian nation?

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<sup>4</sup> i.e, Private Foundations are required each year to make qualifying distributions for charitable purposes equal to or exceeding 5% of the fair market value of its net investment assets under Internal Revenue Code Section 509.

Some people in the Armenian Diaspora have argued for the creation of a new and specific group to represent the entire Armenian Diaspora, through “a new hybrid structure composed of the political parties (to tap their resources), church representatives (authority on the ground whether one likes it or not) etc.”<sup>5</sup>

Ultimately, such projects like these are doomed for failure for the same reason that existing Armenian Diaspora organizations do not adequately represent the Armenian Diaspora in its relations with the Republic of Armenia, especially on a “moral” level.

The problem is that morality, much like language, is *deconstructable*.

The classic example is the Armenian General Benevolent Union (AGBU). AGBU’s mission is “To preserve and promote the Armenian identity and heritage through educational, cultural and humanitarian programs.”<sup>6</sup> While this sounds good, what does it mean? The adjectives describing AGBU’s programs are vague, and leave plenty of room for interpretation. These same adjectives also give AGBU the ability to justify almost any action they make, whether or not it is in the best interest of the Armenian people.

This is clearly seen with the ongoing sale of the Melkonian Educational Institute (MEI) in Cyprus, which has been a divisive point for many Armenian members of AGBU. MEI is a Cypriot National Heritage Site, as declared by the preservation order of the Republic of Cyprus.<sup>7</sup> It was instrumental as a beacon of learning for Armenians in Diaspora throughout the 20<sup>th</sup> century, and one of the Diaspora’s great achievements.

AGBU has been trying to sell MEI and justifies it in conveying that MEI was a financial burden, and that it can use the money on other projects, like building “a large and prominent facility in Armenia, to be known as the Melkonian Educational Center” in order to “dedicate efforts to Armenians living in Armenia, as the new nation requires considerable financial and moral support.”<sup>8</sup> AGBU’s reasoning is couched with terms

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<sup>5</sup> Keghart.com’s comments section, <http://keghart.com/4diaspora#comment-3084> (last visited Feb. 14, 2010); Minas Kojayan, “□□□ □□□□ □□□□□□□□□□ □□□□□□□□” [http://keghart.com/Kojayan\\_Spurk](http://keghart.com/Kojayan_Spurk) (last visited Feb. 14, 2010).

<sup>6</sup> AGBU About Page, <http://www.agbu.org/aboutagbu/default.asp> (last visited February 11, 2010).

<sup>7</sup> Petition to Reopen the Melkonian Educational Institute in Nicosia, Cyprus (May 2009), *available at* <http://www.armenieninfo.net/wp-content/uploads/2009/05/petition-to-save-and-reopen-the-melkonian-school.pdf> (last visited February 7, 2010).

<sup>8</sup> AGBU’s Commitment to Education: Placing MEI in Context (Mar. 16, 2004), *available at* <http://www.agbu.org/mei/agbumei-pp-e.pdf> (last visited February 7, 2010).

illustrating its purposes, such as the advancement of education, culture and humanitarian purposes.

The purpose of this paper is neither to judge AGBU's internal matters, nor to judge whether their actions are beneficial for the Armenian nation in the long-term. Rather, it is to illustrate those vague and moral objectives such as: "To preserve and promote the Armenian identity and heritage through educational, cultural and humanitarian programs" can justify almost any decision made by a central board, whether or not those decisions actually bear fruit.

Contrary to the mission of AGBU, the Armenian Technology Group (ATG) believes "that a strong private farming sector is the foundation for building a healthy free-market economy in Armenia."<sup>9</sup> ATG's clear objective to improve the private farming sector in Armenia cannot be deconstructed as easily as its larger counterpart. The decisions they make are not controversial or subject to much debate (if at all). For example, where the ATG creates a program to help vineyards in the Republics of Armenia and Nagorno-Karabagh by combating soil born diseases, that program clearly falls within the purview of their stated goals. There is not much room for deconstruction, or dissention.

As such, smaller groups with clear goals (rather than a few large institutions), will ultimately "better the Armenian nation" through focused efforts, and more clearly defined goals that will ultimately shape the encompassing aspect of "morality."

## **Part II: The Need for More Organizations**

If Armenian Diaspora organizations are neither legally nor morally – let alone individually – accountable to Armenians, what is the solution? Create more organizations! As seen from the above comparison between the AGBU and the ATG, more defined organizations are less likely to compromise the aspirations of the Armenian nation.

This section of the paper first exposes the misconception that fewer and larger<sup>10</sup> organizations create unity, or achieve national goals of a Diaspora. Second, it argues that

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<sup>9</sup> Armenian Technology Group, <http://www.atgusa.org/> (last visited February 6, 2010).

<sup>10</sup> It should be noted that there are cases when expanding an organizations objectives are necessary. This would include potential funding. A non-profit organization will look at several questions, such as: where and what should the organization focus at; Grant funds from funding agencies –which could be substantial, to survive and keep the charitable organization growing?; or, on the Non-Profit's Mission objectives – where the board and the management could be challenged to raise funds from over stressed general public.

more organizations will foster communication between the Diaspora and the Republic of Armenia, where organizations with focused goals and agendas can utilize specific channels, thereby cutting out bureaucratic largesse that prevents efficient discussion. Third, more defined organizations will secure and maximize limited resources. Finally, more organizations will promote the long-term survival of the Armenian Diaspora by affording Armenians in the Diaspora the opportunity to get involved. Ultimately, involvement breeds commitment.

### **a) Unification of Armenian Organizations does not lead to the Unity of the Armenian People**

The biggest myth plaguing the Armenian consciousness today is that unification of Armenian organizations leads to the unity of the Armenian people. This precept is best illustrated by the empty rhetoric espousing that the Cilician and Etchmiadzhin churches reunite in order to foster spiritual unity.

The question that is never answered is: “how will such a reunification foster *spiritual unity*?” Rather, circular reasoning is used based on an unproven premise that when two organizations merge, they become united. Technically, they become one large organization. But so what? Is that real *unity*?

This leaves out any position that these two organizations could co-exist as separate entities, and be *united* in spirit. It also ignores that one organization can be divided among separate power groups, where internal politics prevent such an organization from carrying out its objectives due to division.

Another point that has been argued by various circles is that when Armenian organizations defer to the largest organization, they will successfully carry out their goals, such as influencing congress on matters like: providing aid to Armenia or the Republic of Nagorno Karabagh; Armenian genocide recognition; or the legality of the Republic of Nagorno Karabagh’s right to self-determination and its right to exist.

However, there is no factual basis for supporting this claim. In fact, the hypothesis of this author is the opposite: more organizations lead to greater success. The two other Diasporas that come to mind are the Jewish and Turkish Diasporas, both of whom are acknowledged to be very successful, as evidenced by their strong influence in

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Obviously, context is crucial for this determination.



Congress to deny Armenian genocide recognition, and the strong financial aid they receive.

A quick search on the Internal Revenue Services' (IRS) website "<http://www.irs.gov/app/pub-78/>" for charitable organizations for the Jewish, Turkish and Armenian Diasporas revealed some interesting tidbits, especially when comparing the United States population of these Diasporas to the number of charitable organizations purporting to represent these Diasporas.

Looking up "Jewish Jew Israel" produced 3,589 organizations. Looking up "Turkish Turkic" produced 177 organizations. Looking up "Armenia Armenian" yielded 301 results. "Artsakh" or "Karabagh" yielded nothing.

If one compares their respective populations: the American Jewish population is estimated to be approximately 6,489,000<sup>11</sup>; the American Turkish population is estimated to be 164,945 of full or partial Turkish descent; <sup>12</sup> and the Armenian American population is estimated to be 1,270,000.<sup>13</sup>

If one makes a comparison between charitable organizations and their respective Diasporas, one will find that on average that: each Jewish charitable organization serves 1,809 Jews; each Turkish charitable organization serves 932 Turks; and each Armenian charitable organization serves 4,220 Armenians.

Although the above numbers should not be relied on in any scientific study, they reveal an interesting point; unification of organizations (or just a few large organizations) does not necessarily lead to better results with respect to the long-term goals of a Diaspora, and the nation it represents.

### **b) More Organizations will Foster Efficient Communication between the Diaspora and the Republic of Armenia:**

The creation of more specialized Armenian organizations is the best way to foster better relations between the Diaspora and the Republic of Armenia. While this is not evident at first, especially where the prevailing view amongst many in the Armenian

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<sup>11</sup> US Census Bureau Statistical Abstract 2009, Table 76, Christian Church Adherents, 2000, and Jewish Population, 2008— States. The Jewish population includes Jews who define themselves as Jewish by religion as well as those who define themselves as Jewish in cultural terms. Data on Jewish population are based primarily on a compilation of individual estimates made by local Jewish federations (as reported in the American Jewish Yearbook), *available at* <http://www.census.gov/compendia/statab/2010/tables/10s0077.xls>. (last visited February 9, 2010).

<sup>12</sup> Wikipedia, "Turkish American: Demographics" citing the 2000 United States Census, *available at* [http://en.wikipedia.org/wiki/Turkish\\_American#Demographics](http://en.wikipedia.org/wiki/Turkish_American#Demographics) (last visited February 9, 2010).

<sup>13</sup> Dikran Ghanalanyan, "Հայաստանի Դիասպորաները (Հայաստանի Դիասպորաների Բնութագրերը)" (May 8, 2009), [http://en.wikipedia.org/wiki/Armenian\\_American](http://en.wikipedia.org/wiki/Armenian_American) (last visited February 9, 2010).

community is that the Diaspora needs one voice,<sup>14</sup> the assumption that there is one Armenian community is false and self-deprecating.

There are many fragments that exist within the Armenian nation, both in the Diaspora and the Republic itself. Each of these segments must represent themselves *without* intermediaries. This form of representation is the clearest way to reach optimal results.

For instance, some of the same issues affecting the Armenian Diaspora also exist within the Jewish Diaspora; “who represents the Jewish Diaspora?”

Richard Pearlstone, a member of the prominent philanthropic Meyerhoff family and chair of the Jewish Agency's board of governors said it best:

There is *no single* Jewish World that can be recreated – instead, there are many different Jewish worlds organized in a variety of institutional and organizational forms. There is the Government of Israel; there are NGO's, social service organizations, Federations, social justice and advocacy organizations, synagogues, schools, JCCs and many others. There are philanthropic and political organizations as well as foundations with a diversity of missions. **Each works for its own constituency and supporters or would not exist. In free societies it is the marketplace, the process of creative destruction, that decides when an organization succeeds or when it goes out of business.**

**While this may seem disorganized, confusing and often frustrating, this diversity and multiplicity of organizations may be one of the most important strengths of what we call the Jewish World.** In other words there is no one person or group of people that can recreate THE Jewish World... creating the World was and is God's job.<sup>15</sup> [Underline and bold are my own]

It is in this same vein that the Armenian Diaspora should be reorganized – different organizations representing different goals. More individualized groups will ultimately lead to better co-operation between the Diaspora and the Republic of Armenia.

One example of success within the Armenian Diaspora is the ATG. The ATG focuses on providing Armenian farmers with the benefits of American agricultural techniques and innovations. At the same time, the organization has begun a grass-roots campaign in the Republic to cultivate the business and management skills necessary for success in modern agriculture. The ATG has limited its cooperation with Armenia's

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<sup>14</sup> Harout Sassounian, “Armenian Diaspora Unity must be Preserved at all Costs” (Feb. 4, 2010), [http://keghart.com/Sassounian\\_Untity](http://keghart.com/Sassounian_Untity) (last visited February 9, 2010).

<sup>15</sup> Richard Pearlstone, “Recreating the Jewish World” (Dec. 20, 2009), <http://ejewishphilanthropy.com/recreating-the-jewish-world/> (last visited February 11, 2010).

Ministry of Food and Agriculture, and directly interacts with that governmental agency.<sup>16</sup>

In contrast to the ATG's efficiency, several larger organizations, such as the AGBU, Armenian Revolutionary Federation (ARF), and Social Democrat Hunchakian Party (SDHP), may not be as efficient at carrying out their goals.

For instance, when the AGBU supports the Armenian-Turkish protocols<sup>17</sup>, does it support the protocols in order to carry on other objectives (such as education in Armenia), at the expense of providing an objective and analytical voice? On the other hand, can the ARF truly represent both the Diaspora and the Republic of Armenia where lots of political distrust exists with that organization, especially where the Government of Armenia has cracked down on them before in the past?<sup>18</sup>

Once again, I would like to reiterate that this piece is not to judge any of these larger organizations, who may or may not be advancing the best interests of Armenians in the Diaspora or the Republic of Armenia. It is to point out that when an organization becomes large with many goals, and has to go through many intermediaries to achieve such ends, there is inevitable compromise at some point that is counterproductive for the long-term thriving of the Armenian nation.

If we take the recent Armenian-Turkish protocols as an example of who should represent the Armenian voice, it would be naïve to think that only one group's views should be considered. If one reads the protocols<sup>19</sup>, one will see that these protocols are far reaching on many aspects of Armenian society, both in the Diaspora and the Republic: cultural integrity of Armenian monuments in Historical Western Armenia; Armenian genocide recognition; economic ramifications of open borders whether it relates to oil transit routes or farming; the legality of such a text in light of previously signed Treaties like Kars and Alexandropol; etc.

One voice can never hope to represent all of these different viewpoints, unless there is unacceptable compromise.

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<sup>16</sup> Armenian Technology Group, <http://www.atgusa.org/> (last visited February 6, 2010).

<sup>17</sup> AGBU Press Office, "AGBU President Berge Setrakian Addresses Questions on the Protocols for the Process of Normalization of Relations Between Armenia and Turkey" (Oct. 23, 2009), <http://www.agbu.org/pressoffice/article.asp?ID=640> (last visited February 12, 2010).

<sup>18</sup> Edmund Herzig, "Shame and gloom as everyone loses in Armenia" *The World Today* 52:11 (November 1996) available at <http://www.arf.am/English/ARFNews/06/0604.htm> (last visited February 12, 2010).

<sup>19</sup> Armenian National Committee of America, "The Turkey-Armenia Protocols Explained," available at [http://www.anca.org/assets/pdf/misc/protocols\\_explained.pdf](http://www.anca.org/assets/pdf/misc/protocols_explained.pdf) (last visited February 12, 2010).

### **c) More Defined Organizations will Maximize Limited Resources in the United States:**

The following section discusses that smaller, defined organizations will maximize limited resources available to the Armenian community. The following analysis compares Turkish and Armenian advocacy groups, and tries to demonstrate that the Turks have already begun to use a strategy of using multiple organizations to carry out specific functions that are important to the Turkish Diaspora.

The first section analyzes several Turkish advocacy groups, their different focuses, and their ability to take advantage of tax exempt status. The analysis then shifts to Armenian advocacy groups, and discusses some of the organizational pitfalls affecting them that are not present with their Turkish counterparts.

#### *1) Turkish Organizations:*

There are plenty of Turkish organizations engaged in advancing political causes important to the Turkish Diaspora. This paper looks briefly at five of them: The Turkish American Legal Defense Fund (TALDF); the Turkish Coalition of America (TCA); Assembly of Turkish American Associations (ATAA); American Turkish Council (ATC); Federation of Turkish American Associations (FTAA).

With respect to the TALDF and the TCA, I want to point out that two organizations can exist with overlapping board members<sup>20</sup>, who fully utilize the limits of lobbying activities for a tax exempt charitable organization. With respect to the ATAA and the ATC, I want to illustrate how each of these organizations represents different aspirations present within the Turkish Diaspora.

With regards to the FTAA, I want to emphasize how this organization is a joint venture of political lobbying and “other charitable activities” amongst many charitable Turkish organizations.

All five of these organizations are IRC 501(c)(3) tax exempt organizations.

#### *A) TALDF and TCA*

The TALDF and the TCA are two separate organizations with some overlapping board members. The reason I want to discuss this is that the way these two

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<sup>20</sup> Bruce Fein and David Saltzman represent both organizations on their respective Boards.

organizations have been structured may give them flexibility with respect to keeping their tax deductible status, and engaging in political lobbying activities.

The TALDF is an organization whose purpose is to “provide legal advice and counsel to Turkish Americans regarding their constitutionally guaranteed right to free expression. The right attaches, in varying degrees, to public school textbooks and instruction; permits for demonstrations; and, the print, broadcast, and Internet media.”

Some of the First Amendment rights the TALDF seeks to assert are:

- Turkish Americans may insist that public instruction on issues relating to Turkey or the Ottoman Empire be based solely on educational suitability, and not on the political power of Armenians, Greeks, Greek Cypriots, or otherwise.
- Turkish Americans cannot be denied public jobs or be demoted or fired because of the views they hold on any issue, such as the Armenian issue, the PKK, Cyprus, or any other issue of special concern to Turkish Americans. Nor can they be denied an opportunity to speak on equal terms with other attendees in a public forum, including city council or board of education meetings.
- Turkish Americans may petition state educational authorities to alter or supplement textbook materials to enrich their educational value.<sup>21</sup>

The TALDF has also engaged in the following activities:

- It ran an advertisement campaign to prevent Congress from meeting Mourad Topalian (<http://taldf.org/topalian.pdf>)
- It filed an amicus curiae brief on behalf of seventeen Uighurs detained as “enemy combatants” at Guantanamo Bay. Their involvement helped the District Court to release all seventeen Uighurs into the United States on October 7, 2008. Since then, the government has filed an emergency motion to stay the release order in the United States Court of Appeals for the District of Columbia Circuit.
- They were successful in scheduling a presentation of the 2006 documentary, "The Armenian Revolt" at the Springfield Free Public Library Guenter Lewy, author of, "The Armenian Massacres in Ottoman Turkey: A Disputed Genocide" in New Jersey

The TCA has engaged in several congressional activities such as opposition to the Armenian genocide<sup>22</sup> and submitting House Resolutions for the energy supply security between the United States, Turkey, Azerbaijan, and Georgia, 110th CONGRESS, 2d Session, H. RES. 1187<sup>23</sup>

Despite the fact that there are some overlapping board members, it should be noted that the way that TCA and TALDF are organized to take advantage of charitable tax rules.

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<sup>21</sup>Turkish American Legal Defense Fund, <http://taldf.org/right.html> (last visited February 13, 2010).

<sup>22</sup> Turkish Coalition of America, Actions in Congress, <http://www.turkishcoalition.org/congress.html> (last visited February 13, 2010).

<sup>23</sup> Turkish Coalition of America, House Resolution, <http://www.turkishcoalition.org/hres1187.pdf> (last visited February 13, 2010).

Both organizations are recognized as IRC 501(c)(3) tax deductible organizations<sup>24</sup>, and both organizations engage in lobbying activities as well as other charitable activities.

With respect to IRC 501(c)(3) organizations, the IRS imposes limits on how much an organization can engage in political lobbying activities, based on either an expenditure test<sup>25</sup>, or a “substantial amount of resources” test.<sup>26</sup>

It is assumed the reason these two organization are different entities is so they can separate political lobbying activities between themselves, without either organization losing IRC 501(c)(3) status.

Furthermore, the two organizations can share *social capital* with overlapping board members, without having enough board members to make these organizations affiliated, thus combining their activities in order to determine if they would engage in a substantial amount of lobbying activities.<sup>27</sup> The sharing of *social capital* is important in order to effectively carry out goals present within the Turkish Diaspora.

Furthermore, affiliated organizations will not be found to exist where one organization resolves to adopt the position taken on legislative issues by another corporation, and where the governing instruments of the organization do not state that it must be bound by the legislative decisions of the corporation.<sup>28</sup> As such, the TCA and TALDF can avoid being affiliated with one another even where they adopt identical legislative positions.

#### B) ATAA and ATC:

The ATAA’s main focus is to ensure that Armenian genocide claims are not recognized; providing information about the Armenian/Azeri conflict; PKK terrorism; and the Northern Cyprus issue.<sup>29</sup>

The ATC’s main lobbying activities are:

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<sup>24</sup> Donations provided to these organizations are deductible to the donor.

<sup>25</sup> Normally between 15-20% of an organization’s expenses.

<sup>26</sup> For example in *Christian Echoes National Ministry, Inc. v. United States*, 470 F.2d 849, 853 (10th Cir.), *cert. denied*, 414 U.S. 864 (1973), the Court rejected a percentage test in favor of an extremely broad facts and circumstances test. Here, the Ministry published articles and produced radio and television broadcasts dedicated to protecting what it took to be Christian values against liberalism, socialism, and communism. These articles and programs urged the members of the Ministry to become involved in politics and to write to their representatives in Congress supporting prayer in the schools and opposing foreign aid. The court determined that such activities constituted a substantial part of the total activities conducted by the organization. The factors that a court will look at to determine whether an organization spends a substantial amount of its resources in lobbying activities are: the percentage of an organization’s budget (or employee time) spent on lobbying; Continuous or intermittent nature of the organization’s legislative involvement; Nature of the organization’s aims; and Controversial nature of the organization’s position and its visibility.

<sup>27</sup> Treas. Reg. 56.4911-7(f) Example 8.

<sup>28</sup> Treas. Reg. 56.4911-7(f) Example 4.

<sup>29</sup> Assembly of Turkish American Associations, Reference Page, <http://www.ataa.org/reference/> (last visited February 13, 2010).

- To help resolve problems and disputes that affect US-Turkish commercial, defense and cultural relations.
- To encourage trade and investment between the United States and Turkey.
- To educate the public and private sectors on the importance of the strategic alliance between the United States and Turkey.
- To increase the understanding and appreciation of the history, culture and traditions of the United States and Turkey.
- To promote awareness of US-Turkish issues.
- To facilitate dialogue between the government agencies of both Turkey and the United States and the private sector.<sup>30</sup>

The importance of these organizations is that issues central to the Turkish cause are not encompassed by one or two Turkish organizations, but different causes are delineated amongst several Turkish organizations.

What this does is it allows each organization to focus on the comparative advantages provided by the individuals representing that specific organization, and not get side-tracked by bureaucratic decisions common for larger organizations that must compromise at several levels to achieve their end goals.

As well, more Turkish organizations also provide an illusion of a greater Turkish presence in the United States than what already exists. Each organization represents their special interests. It is no secret that Congress (both the House of Representatives and the Senate) are influenced by special interest groups,<sup>31</sup> and the more special interest groups that exist supporting a Diaspora will only further influence Congress.

### C) FTAA:

The FTAA is a joint venture of many Turkish philanthropic organizations.<sup>32</sup> Its mission is:

- To give a solid voice to the Turkish American Community by celebrating the richness of the Turkish Culture and the contribution of Turks to the United States as well as the World in general by interacting internationally and intercultural
- To represent the presence of Turkishness in the United States while promoting and improving the image of our community
- Etc.<sup>33</sup>

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<sup>30</sup> American Turkish Council, About Us Page, <http://the-atc.org/data/aboutus/> (last visited February 13, 2010).

<sup>31</sup> "Lobbyists and Special Interest Groups in Congress", available at [http://www.associatedcontent.com/article/35100/lobbyists\\_and\\_special\\_interest\\_groups.html](http://www.associatedcontent.com/article/35100/lobbyists_and_special_interest_groups.html) (last visited February 13, 2010).

<sup>32</sup> Federation of Turkish American Associations, Inc., Board Members, <http://www.tadf.org/board.html> (last visited February 13, 2010).

<sup>33</sup> Federation of Turkish American Associations, Inc., Mission Statement, <http://www.tadf.org/Mission.html> (last visited February 13, 2010).

What is important with respect to this organization is that it is a joint venture between many separate Turkish organizations that advances the national interests of the Turkish nation, while the smaller and localized Turkish organizations continue to carry on their own separate goals.

Furthermore, because none of these organizations are affiliated with one another, the smaller organizations do not have to aggregate their lobbying expenses between one another, thus creating a cascading effect to use more resources to lobby for issues important to the Turkish Diaspora.<sup>34</sup>

## II) Armenian Organizations:

Where the Turks have proliferated in organizations representing their Diaspora's concerns, Armenians have dwindled. In fact, there are rumors that the Armenian Assembly of America (AAA) and the AGBU advised the United States Department to not invite the Armenian Relief Society<sup>35</sup> to discuss the recent Turkish Armenian Protocols.<sup>36</sup> Whether this rumor is true or not is beyond the scope of this paper, but the fact that it is an issue that *even* needs to be addressed, and not considered preposterous, only demonstrates the Armenian Diaspora mindset that unity only comes with a very few large organizations, and that only the most dominant will survive.

The two organizations I would like to discuss are the ANCA and the AAA. Although both organizations have done great things for the Armenian Diaspora, they provide examples of what the Turks are not doing – susceptibility to tax exempt rules; and none-efficient resource allocation.

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<sup>34</sup> For instance, in IRS Priv. Ltr. Rul. 9145039 (1991), the IRS ruled that a National Organization, that led 57 smaller Divisions, did not constitute affiliated organizations. The National Organization was a voluntary health organization dedicated to eliminating a major health problem through research and education.

The IRS analyzed whether the organizations were affiliated by first analyzing whether the divisions were bound by the National Organization policies concerning legislative decisions, and found they did not on the following facts:

The national organization frequently alerted its Divisions to pending legislation on issues affecting (disease). Although the National Organization typically requests the Divisions to contact key legislators to support (or oppose) the bills, the Division personnel could decide not to make the contacts, and the national organization had no power to force the Divisions to take any action.

As well, the National Organization's charter did not require that the Divisions be bound by its positions on legislative matters. Neither the Division by-laws nor the Charter Standards required that Divisions be bound by national organization position on legislation. The Policy Statement requires only that the Divisions consult with the national organization regarding legislative positions; it does not bind the Divisions to the national organization's position. Thus the Divisions and the national organization are not affiliated within the meaning of IRC 4911(f)(2)(A) of the Code and are not required to aggregate their lobbying expenses.

<sup>35</sup> The ARS is 100 year old Armenian women's organization serving the social and educational needs of Armenian communities everywhere, seeking to preserve the cultural identity of the Armenian nation, and, whenever and wherever the need arises, to bring humanitarian help to all communities in distress

<sup>36</sup> The Armenian Weekly, "ARS Issues Open Letter to AGBU and Armenian Assembly", <http://www.armenianweekly.com/2010/02/11/ars-issues-open-letter/> (Feb. 11, 2010), (last visited February 13, 2010).



The ANCA is a tax-exempt organization that has worked on several issues important to the Armenian Diaspora:

At the U.S. House of Representatives (110th Congress), the ANCA tried to influence the following legislation:

- H.Res. 106 - Affirmation of the U.S. Record on the Armenian Genocide
- H.Res. 102 - Condemning the Assassination of Journalist Hrant Dink
- H.R. 6079 - End the Turkish Blockade of Armenia Act

And at the U.S. Senate (110th Congress), the ANCA was instrumental in helping pass these resolutions:

- S.Res.106 - Armenian Genocide Resolution
- S.Res.65 - Condemning the Assassination of Journalist Hrant Dink<sup>37</sup>

However, the ANCA is an organization comprised of several tax-exempt organizations. The line demarcating these organizations could be malleable at times, and leaves it susceptible to attacks that could potentially derail the organization. This was observed less than 1 year ago when the ANCA successfully defended itself from baseless accusations by Citizens for Responsibility and Ethics in Washington (CREW), a “watchdog” group alleging that the ANCA Endowment Fund “indirectly participated in countless candidate endorsements.”

As the ANCA observed “It is more than curious that its [CREW’s] baseless attacks were made just prior to renewed efforts by the ANCA to advance Congressional and Presidential acknowledgement of the Armenian Genocide.”<sup>38</sup>

The lesson that should be taken away from this is that when an Armenian Diaspora’s hopes are centered on a few organizations, legal hiccups, such as the one that the ANCA faced could derail the broader political and charitable aspirations of a Diaspora; something not present with Turkish organizations based on the fact that they have plenty of advocacy groups with overlapping and differing missions.

Like the ANCA, the AAA has been involved in several issues important to the Armenian Diaspora, such as: Genocide Recognition; Funding for Armenia, Nagorno Karabakh; and encouraging Congressional Representatives to join the Armenian Caucus.<sup>39</sup> However, the AAA is not a tax-exempt organization.

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<sup>37</sup> ANCA Key Legislation, [http://anca.org/legislative\\_center/key\\_legislation.php](http://anca.org/legislative_center/key_legislation.php) (last visited February 13, 2010).

<sup>38</sup> ANCA Press Release, “ANCA Responds to CREW Allegations,” (Apr. 13, 2009), [http://www.anca.org/press\\_releases/press\\_releases.php?prid=1690](http://www.anca.org/press_releases/press_releases.php?prid=1690) (last visited February 13, 2010).

<sup>39</sup> Armenian Assembly of America, Issues and Legislation, <http://capwiz.com/aaainc/issues/?style=D> (last visited February 14, 2010).

While these are worthy goals, what is troubling is that the AAA does not take advantage of tax exempt status, especially for noble and worthwhile causes like the Armenian Tree Project.

The Armenian Tree Project (ATP) is an organization dedicated to Armenia's reforestation. Because ATP was registered as a project of the Armenian Assembly when it was founded in 1994, it shares AAA's non-tax exempt status. If the ATP were a separate organization from the AAA, it should be able to enjoy tax exempt status.<sup>40</sup>

This would provide a more efficient allocation of resources as Armenian donors who give to the ATP would be able to effectively donate more through tax deductions.

The relationship between the AAA and ATP provides an example of a mindset that needs to be changed, specifically, a mindset where all Armenian organizations should be governed by a central authority.

As can be seen throughout this paper, the more organizations that represent the individual aspirations of a Diaspora, the more flexibility there exists for the success of that Diaspora to succeed, as well as a more efficient allocation of resources, whether it be receiving government aid, or allocation of social capital amongst the Diaspora itself.

#### **d) More Organizations will Ensure the long-term Survival of the Armenian Diaspora:**

Involvement breeds commitment. The more organizations there are, the more opportunities there are for Armenians in the Diaspora to get involved, which ultimately leads to greater commitment to the Armenian cause, and being Armenian.

When there are fewer opportunities, there is less opportunity for a person to feel part of a community at large.

This section is self-explanatory, but should not be discounted.

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<sup>40</sup> For instance, in Rev. Rul. 75-65, 1975-1 C.B. 79, the IRS provided an example where contributions made to a domestic organization that made grants to foreign organizations which were tax deductible. The domestic organization was formed to deal with the problem of plants and wildlife ecology in a foreign country. Among other things, it made grants to foreign organizations for this purpose. The domestic organization maintained control over the use of funds by making a field investigation of the purpose to which the funds would be put, by entering into a written agreement with the recipient organization, and by making continuous field investigations to see that the money was expended in accordance with the agreement. The revenue ruling concluded that in this case contributions by individual donors were deductible.