

Clubs told to stay alert on business license issue

Tom Ilas, a San Diego Chapter board member and member of the County of San Diego Investment Club (CEIC), informed the Board that his club recently received a letter from the City of San Diego stating that his club needed to have a San Diego Business License to operate in the city of San Diego.

Below is an account of how the CEIC Club addressed the issue. Since this issue was also addressed some time ago by the Board when, Joe Bellavia, the Board president at the time, investigated the matter and wrote an article in an earlier issue of our newsletter outlining steps clubs could take in settling this problem. A reprint of that article is also included in this story:

The County of San Diego Investment Club [CEIC] recently received a letter from the City of San Diego stating that if the club is a business it needs to have a San Diego City Business License. The Club leadership responded to the City in a letter, saying that they were not a business, and therefore did not need a license. The letter was drafted with advice from fellow BI Chapter Board Members.

Ilas went down to the Community Concourse, and presented the CEIC letter to the City of San Diego. He met personally with Ricardo Ramos, Business Tax Program Manager. Ramos agreed that Investment Clubs do not need a business license. He stated the letter clearly stated the position of CEIC as being an investment club and not a business. He gave Ilas a printout that showed the account reference to his Club in the letter from the City had been canceled.

“This puts the CEIC issue with the City of San Diego related to a business license and associated filing fees to rest,” stated Ilas.

The following is a reprint of the article by Joe Bellavia that appeared in an earlier of our newsletter which addressed the same issue.

The City of San Diego has determined that investment clubs may not qualify as “conducting business” within the City of San Diego. Accordingly, the City will cancel the investment club account providing they receive a statement explaining that your club is an investment club. The statement should address a series of questions including:

- Does the entity sell/buy products or services within the City’s jurisdiction?
- Does it appear the activity is performed as a hobby with minimal or no economic benefit?
- Does the entity deal in securities? If so, what percentage of its revenue is derived from the exchange of securities?
- Does the entity hold only real property?
- Number of employees?

We recommend that you obtain confirmation that your written statement was received by the city.