

Incorporations: Their Uses and Misuses

By Bill

Many an A.A. Group ruefully writes the New York Central Office asking how to unscramble endless difficulties which have arisen over the incorporation and financing of clubs, drying-out places, educational projects, and the like. Most sincerely, *these groups wish that they had never gone into business.*

Once off to an awkward start, these difficulties are sometimes hard to cure. Still, if we intelligently use the experience we've already had, our newer Groups ought easily avoid these growing pains. The purpose of this piece is to assemble and focus our experience on these particular problems.

First, let's review those parts of the "12 Points of A.A. Tradition" which bear directly on the status of incorporations and their financing:

"Tradition 6" states: "We think, therefore, that any considerable property of genuine use to A.A. should be *separately incorporated and managed*, thus dividing the material from the spiritual...An A.A. Group, as such, should never go into business...Clubs, hospitals, etc., ought to be incorporated...so set apart that they can be freely discarded by the Groups...hence they ought not use the A.A. name...their management should be the sole responsibility of those who financially support them...Hospitals or places of recuperation ought to be well *outside* A.A. and medically

supervised...An A.A. Group may cooperate with anyone, but such cooperation ought never go so far as affiliation or endorsement, express or implied."

"Tradition 7" states, after declaring for full financial self-support as soon as possible, "that any public solicitation of funds using the name, 'Alcoholics Anonymous,' is highly dangerous, whether by Groups, clubs, hospitals, or other outside agencies - that acceptance of large gifts from any source, or of contributions carrying any obligations whatever, is unwise...that we view with concern those A.A. treasuries which continue, beyond prudent reserves, to accumulate funds for no stated purpose-that nothing can so surely destroy our spiritual heritage as futile disputes over property, money, and personal authority."

Being clear on these basic principles, it is next suggested that four of the articles in this booklet be carefully read - the ones on money, clubs, hospitals, and outside enterprises, which show our past experiences in these fields. They clearly reveal the fundamentals of our "money-management" Tradition. And, in a general way, they quite clearly indicate what the corporate status of any useful or related enterprise ought to be.

Next, then, just what special type of incorporation is best, how should it be corporately named, what should be the

limit of its scope, who should be its members (or stockholders), and how should it be financed? Many A.A.s write us asking for samples of model charters. As precise Group purposes, local conditions, and state laws may vary much, it would probably be unwise for A.A. Headquarters to try to meet these requests. Any good attorney, once he is sure just what is needed and just what should be avoided, will do far better than we.

In response to the many Group inquiries, we wish, however, to be as definite as possible. So here follows a set of typical questions such as Groups ask. To them we append definite answers. Of course, these answers aren't to be construed as final or perfect. Nor are they to be thought of as rules, regulations, or "musts." But they may help in perplexing situations.

1. Q. Should an A.A. Group, as such, ever incorporate?

A. No. Some have, but usually wish they hadn't.

2. Q. Should an A.A. Group as such go into the business of running a Club, a hospital, a research, educational, or "rehabilitation" venture?

A. We think definitely not. Experience has been telling us to avoid this. The A.A. Group ought to remain a spiritual entity.

3. Q. But how about Clubs? Being so close to A.A., shouldn't they bear the A.A. name and be managed by the Group itself?

A. We used to think they should. When a Group is small and merely hires a room, it is quite natural to call the place an "A.A. Clubroom." Conversationally, most clubs are still called "A.A. Clubs." But when an area contains many A.A.s, and perhaps several Groups, not all the A.A. members will care for Clubs. Hence the business management of the club (or clubs) in the area must become the function of those who individually contribute to their support and the corporate title should omit "A.A." The contributors ought to elect the business management. The other A.A.s can take the club or leave it alone." Club Corporations often adopt a related title, such as "Alano" or "Alkanon." But more remote ventures, such as farms or drying-out places operated by individuals A.A.s, ought not use these "related" titles.

4. Q. Our Group did form a separate Corporation for our Club. We made every one of our Group members a voting member of that Corporation. Now the directors of the Club Corporation are at odds with our Group rotating committee. The Club directors try to run both the Club and the Group. The Group committee also tries to run the Club. What do we do about that?

A. This is a natural difficulty. It can be corrected by a realization on the part of the Club directors that theirs is the duty

of providing a suitable Club only - a pure business operation. They merely hold or rent property, keep the place policed and swept out. They raise money from individual monthly pledges; they also receive rentals from the treasuries of such A.A. Groups as may hold meetings in the Club. This is usually a generous proportion of those funds which result from "passing the hat." Each A.A. Group ought to have its own small treasury. Out of these funds the Group pays for whatever use it may make of the local Club. This avoids confusion as between Group monies and Club Corporation funds. Under these conditions the Club has no special hold on the Group or vice versa. Pure A.A. matters are handled by the Group committee. But jurisdiction over social activities in a Club will vary; sometimes the Club directors handle them, sometimes the Group committee, sometimes a special committee.

There is often confusion between the Club membership and A.A. membership. In a limited sense, they are one and the same thing, as practically all Clubs open their doors to every reasonably well-behaved A.A. who wishes to frequent them.

But when *Club management* is involved, we are beginning to believe a distinction should be made between Club privileges, Club voting membership, and A.A. membership. Any A.A. interested in a Club ought to be willing to contribute regularly to its support. Though he may not be able to contribute much, it will be something. Obviously, as a monthly contributor, he should be eligible to serve as a Club officer or director and should

vote at business meetings. While straight A.A. is free as air and most Clubs are wide open to all, there seems no good reason why a persistent non-contributor should claim any right to vote at a club's business meeting. If he wants to help manage the Club's money, he ought to contribute a little himself. So, when we come to distinguish clearly between Club privileges, Club voting membership, and A.A. membership itself, we shall have surmounted many current troubles.

5. Q. Our Group is small. Every local A.A. member is a Club enthusiast. Do you think we should incorporate just the same, even though A.A. membership and Club membership is identical, and in our town everybody contributes to the Club?

A. If your Club has to sign a lease, buy property, or have a sizable bank account, by all means incorporate. Establish this way of doing and thinking and you will avoid later complications. We suggest you be careful about mixing A.A. affairs with your business meetings - business only there!

A Clubroom may, of course, be so small and inexpensive, or its future so uncertain, that it would be premature to incorporate. That's a matter for sound judgment.

6. Q. Should a Club Corporation charter include other activities - such as rehabilitation, hospitalizations, education, research, etc.?

A. We think definitely no. We suggest you limit Corporation charters to one activity and one location only. To

incorporate the whole world of alcohol and mix that up with A.A. almost invariably leads to confusion. A simple, sharply limited objective is best. Mixtures of several functions we have sometimes tried, but usually with poor results.

7. Q. May individual A.A.s organize Foundations and raise money for research, education, rehabilitation, etc.?

A. There can be no objection if they act as *individuals only and do not use the A.A. name in any way*. But experience shows that there is always a strong temptation to use the A.A. name. If that is done, the project will ultimately suffer because the surrounding A.A. Groups will protest strongly - and rightly so, we think. The Alcoholic Foundation itself, though it unofficially represents A.A. as our General Service Board, has solicited no outside funds in recent years and it will soon abandon the title, "Foundation."

8. Q. We want to build a Clubhouse. Should we do so? And how shall we finance it?

A. Chances are that any Club built will prove too small. Better lease it if you can. A thickly populated A.A. area will eventually do better with several small leased Clubs than a single costly one. If a Club is big, expensive, and owned outright, it can later prove very difficult to "take or leave alone."

It's always better for members to raise the money among themselves if they must build, supplemented if absolutely necessary by a friendly outside loan calling for easy but definite repayment. Our reputation for complete self-support is a valuable asset. Beware of loans or contributions, with implied obligations, political entanglements, or controversial issues attached. And, obviously, public solicitation using the A.A. name *is* dangerous.

9. Q. What about drying-out places - how ought they be handled?

A. We feel that A.A. Groups shouldn't go into these ventures. But individual A.A.s sometimes handle these situations very well if they avoid public solicitations and advertisements using the A.A. name. Places of recuperation ought to be private undertakings purely - and privately financed.

10. Q. What should be the attitude of an A.A. Group toward "outside" ventures like education, research and the like?

A. No attitude at all. Participation in them is an individual matter. But individuals should not be discouraged from participation if they are careful of the A.A. name. Please reread the article in this booklet on outside ventures.

11. Q. We realize that our present Club (or hospital) set-up is contrary, in some ways, to the general experience. But it hasn't yet given us much trouble. Shall we now change it to

conform to the A.A. Tradition?

A. That's entirely up to you. The material in this booklet is suggestive only. If your present set-up works very well, it may not be worth the trouble to change now. But if there is much serious objection locally, it may be well to try those principles best proved by our large general experience.

12. Q. Just what form of corporation structure is usually best?

A. Most states and countries have special corporate forms variously called membership, charitable, eleemosynary, etc. Trust your lawyer to select the best. You might emphasize to him these points: If humanly possible, eliminate the name, "Alcoholics Anonymous" from the Corporate title. (The name ought to be the sole property of A.A. as a whole.) Limit the "purpose clause" to one simple objective only. Limit the activities of the Corporation to one locality or address only. Don't try to incorporate a whole state or country; otherwise A.A.s in nearby places may object.

This article has been written to help alleviate the many complications that have arisen through-out A.A. touching Clubs, hospitals, and "outside ventures." There is nothing infallible about the principles set forth above. But they are, nevertheless, the distillation of much actual experience. It's very greatly hoped that they will prove of special assistance to our hundreds of new Groups. They may be able to avoid many of the natural but painful mistakes we A.A. oldsters have so often made.

Bill