

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 1680, GPO Brooklyn, N.Y. 11202

Date: JAN 21 1986

Person to Contact:
[REDACTED]

Contact Telephone Number:
[REDACTED]

Refer Reply to:
[REDACTED]

CERTIFIED MAIL

Ladies and Gentlemen:

We have considered your application for tax exempt status under Section 501(c)(6) of the Internal Revenue Code.

The evidence reveals that you were incorporated in the state of [REDACTED] on [REDACTED].

The purpose for which the corporation is formed is "to render to its member when called upon efficient detective service and voluntarily assist in the prosecution of burglars, sneak thieves and shoplifters, with a view to restoration, whenever possible, of property stolen from the members, and for the purpose of detecting and helping in prosecuting proprietors of "fences" and all dealers in stolen goods and for promoting such publicity as is calculated to deter criminals in such operations.

The organization's receipts consist of amounts derived from membership dues; shoppers income, employment inquiry income, justice income, telephone inquiry income and other operating income. The activities that produce these revenues are charges to member stores in return for particular services rendered.

The services offered consist of an integrity shopping service, the organization maintains a Court Officer in the Criminal Courts of [REDACTED] to expedite "cases of member stores through both the arraignment part and the trial part," and provides data regarding criminal activities of present and potential employees and offers seminars for member stores security personnel.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines business as distinguished from the performance of particular services for individual persons.

Rev. Rul. 68-265, 1968-2 C.B. 265 provides that an organization providing a credit information service consisting of making inquiries and recording the information received relative to the experiences of members with parties requesting credit is not exempt from Federal Income tax under section 501(c)(6).

The information available demonstrates that the primary activity of the organization is providing protection services. The benefits of such services can be directly associated to each individual member since fees are charged to members who receive such services. Therefore like the organization described in Revenur Ruling 68-265 you are providing particular services for individual members as a convenience or economy in the conduct of their respective business instead of primarily engaging in activities for the improvement of business conditions within the retailing industry.

Accordingly, we conclude that you are not operated as a business league described in section 501(c)(6). Therefore you are not exempt from Federal Income Tax under that section.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time, this determination will become final.

Sincerely,

TSL

District Director

Enclosure: Pub. 892