

Internal Revenue Service
District Director

Department of the Treasury

Post Office Box 1680, GPO
Brooklyn, NY 11202

Date: OCT 12 1990

Person to Contact:
[REDACTED]

Contact Telephone Number:
[REDACTED]

Refer Reply to:
[REDACTED]

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(4) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on [REDACTED], under the not-for-profit corporation law in the State of [REDACTED].

The purposes for which the corporation was formed are as follows:

To furnish and provide watchmen, guards, security patrols and other trained personnel to watch, safeguard and preserve valuables and properties of all kinds and to engage generally in, and function as a community crime prevention civic organization.

The information submitted with your application form 1024 indicates that your primary activity consists of collecting dues and hiring a professional patrol company to drive about the immediate neighborhood (about a half mile by one quarter mile) to look for intruders. Members in the organization have the benefit of security patrols checking their residences by driving into the driveways for surveillance. Non-members do not have the benefit of driveway surveillance, however the patrols do drive by their homes. Members also have the privilege to summon the patrols to their homes, non members do not have this privilege.

Section 501(c)(4) of the Internal Revenue Code provides for the exemption from Federal income tax of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it primarily engages in promoting in some way the common good and general welfare of the people of the community.

The concept of social welfare implies a service or program directed at benefitting the community rather than a private group of individuals.

Revenue Ruling 55-176 holds that a community television antenna organization whose only activity was to provide television reception for its members was held not to be exempt under 501(c)(4) as a civic league. Its method of operation was such that only the members received the television signal by closed circuit. Thus, it operated for the benefit of its members rather than for the benefit of the community.

Like the organization described in Revenue Ruling 55-176, this organization operates primarily for the benefit of its members by providing services that are not offered to non members. The regulations under IRC 501(c)(4) require an organization to be operated primarily for the common good and general welfare of the community.

Revenue Ruling 74-99 holds, in part, that a community within the meaning of section 501(c)(4) of the Code and the regulations is not simply an aggregation of homeowners bound together in a structured unit. Although an exact delineation of the boundaries of "Community" contemplated by section 501(c)(4) is not possible, the term as used in that section has traditionally been construed as having reference to a geographical unit bearing a reasonable recognizable relationship to an area ordinarily identified as a governmental subdivision or a unit or district thereof.

Since the organization does not service an area that bears a reasonable recognizable relationship to an area ordinarily identified as a governmental subdivision or a unit or district thereof, within the meaning of Revenue Ruling 74-99, it cannot be said to confer community benefit as required in section 501(c)(4) of the Code.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(4) of the Code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

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 completion.

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

Sincerely yours,

A solid black rectangular redaction box covering the signature of the District Director.

District Director

Enclosure: Publication 892