

S. M. Greenbaum  
Group Supervisor

March 13, 1962

O. H. Hightower  
Revenue Officer

Jack Ruby - Offer in Compromise

Taxpayer is offering the sum of \$1,500.00 in installments to compromise his 1959 and 1960 Income Tax totaling \$3,777.68 plus interest and the sum of \$6,500.00 in installments to compromise excise taxes 1st qt. '56 thru 2<sup>nd</sup> '59 totaling \$16,879.05 plus interest. Collateral Agreement is a part of the offers.

As evidenced by 433, taxpayer does not have assets to sell, or on which to borrow to pay the total taxes due.

Taxpayer states that the excise taxes were not collected from his customers and paid to Internal Revenue on advice from his attorney based on rulings on similar clubs that sales of food and beverages were incidental to dancing and not subject to excise tax.

In spite of the above, taxpayer is not contesting the liability, but is submitting his offer based on inability to pay the total amount due.

Taxpayer is current with his excise and withholding taxes at the present time with the exception of the account on which his offer is being made.

He has agreed to purchase depository receipts when required, and file quarterly returns with cashier's check in full payment with me as evidence of his intention to remain current from this date forward.

Taxpayer will also bring his 1961 Income Tax return to me with payment in full, and also file and pay 1040 ES for 1962.

In view of the above, and the fact that taxpayer is without funds to pay the assessments in full, I recommend that his offers in Compromise be accepted.

*O. H. Hightower*  
O. H. Hightower  
Revenue Officer

APPROVED:

*S. M. Greenbaum*  
S. M. Greenbaum

COMMISSION EXHIBIT No. 1727

REJECTION OR WITHDRAWAL MEMORANDUM  
 INTERNAL REVENUE SERVICE

61-IT-41

In re: Offer to compromise liability of:

Jack Ruby  
 3508 Oak Lawn  
 Dallas, Texas

Case No. / Date 10-15-62  
 Symbols .....  
 Office District Director  
 City .....  
 District Dallas

Liability as follows:

YEAR	DATE ASSESSED	TAX	INTEREST ASSESSED	PENALTY	TOTAL
1959	5-27-60	\$1,528.18	\$22.99		\$1,551.17
1960	6-23-61	2,100.05	25.12		2,125.17
TOTALS		\$3,628.23	\$48.11		\$3,676.34

Kind of tax Income  
 Amount of offer \$1,500.00  
 Number of pending offers 2  
 Date notice of lien filed 10-20-61

Recommend offer be rejected  
*John W. Starnett*  
*C. M. De Lay* Reinstated 10-31-64  
 Recommendation approved for reasons stated hereinafter:  
*Eric Campbell, Jr.*  
 (District Director of Internal Revenue)

I. SUMMARY

REJECTION OR WITHDRAWAL MEMORANDUM  
 INTERNAL REVENUE SERVICE

61-ET-104

In re: Offer to compromise liability of:  
 Jack Ruby  
 3508 Oak Lawn  
 Dallas, Texas

Case No. / ..... Date 10-16-62  
 Symbols .....  
 Office ..... District Director  
 City .....  
 District ..... Dallas

Liability as follows:

YEAR	DATE ASSESSED	TAX	INTEREST ASSESSED	PENALTY	TOTAL
1 <sup>st</sup> 1956	thru				
2 <sup>d</sup> 1959	11-20-59	\$15,464.85	\$1,414.20		\$16,879.05
TOTALS					\$16,879.05

Kind of tax ..... Excise, Babaret  
 Amount of offer ..... \$6,500.00  
 Number of pending offers ..... 2  
 Date notice of lien filed ..... 1-12-60

Recommend offer be ..... rejected

*Henry W. Hinnett*  
*C.M. A. Lay Review 10-31-64*

Recommendation approved for reasons stated hereinafter:

*Lucas Campbell, Jr.*  
 (District Director of Internal Revenue)

I. SUMMARY

Jack Ruby

#### I. SUMMARY

The taxpayer is seeking to compromise under the authority of Section 7122 of the Internal Revenue Code unpaid tax liability including interest of Excise, cabaret tax for the first quarter 1956 through the second quarter 1959 totaling \$16,879.05 and of income tax for 1959 totaling \$1,551.17 and 1960 totaling \$2,125.17 plus accrued interest. The amounts offered are \$6,500.00 on the Excise, cabaret tax liability and \$1,500.00 on the income tax liability with \$400.00 paid with the offer on Excise tax liability and the balance payable \$300.00 quarterly beginning April 1, 1962; and with \$100.00 paid on the income tax offer and the balance payable \$50.00 quarterly for four quarters beginning April 1, 1962 with subsequent quarterly payments of \$75.00 each, together with 6% interest, waiver of refunds, default agreement and other provisions on Form 656 (Rev. 7-57). In addition the taxpayer agrees to additional payments of 20%, 30% and 50% respectively of annual income in excess of \$5,000.00, \$7,500.00 and \$10,000.00 for the years of 1961 to 1970.

The offers are recommended for rejection for the reason that as the offers are on the basis of doubt as to collectibility, and it is found that the taxpayer will have considerable liability in addition to the liability sought to be compromised for Excise, cabaret tax liability for the periods of third quarter 1959 through third quarter 1961 which the taxpayer would also be unable to pay.

#### II. FACTS AS TO LIABILITY

The income tax liability is the tax liability according to the return of the taxpayer as filed. Although the taxpayer agreed to the additional Excise, cabaret tax liability, he had the view that his business was a dance-hall and that sales were not taxable for cabaret. He says that he did not file returns for later periods in view of pending litigation on that issue until recent court decisions that for sales of a substantial portion of receipts of dance-halls are taxable for cabaret tax.

#### III. FACTS AS TO COLLECTIBILITY

Jack Ruby is 50 years of age and single. In view of the rejection of the offers, information is not included regarding the taxpayer's financial condition.

#### IV. CONCLUSION

The offers are recommended for rejection because of additional Excise, cabaret tax liabilities for which there will also be doubt as to collectibility

4

## TRANSFER TDA TO:

Dallas- R/O Dennis

Type A Office

(City)

Dallas, Texas

District

(City and State)

NAME OF TAXPAYER

Jack Ruby

CURRENT ADDRESS

3506 Oak Lawn  
Dallas, Texas

- Director, Office of International Operations  
Washington 25, D. C.

## TRANSFER IS: (Check one)

- District Office TDA  
 ADP-TDA, Out of Region  
 ADP-TDA, Inter District - In Region  
 ADP-TDA, Intra District

- Completed courtesy investigation.  
Transfer accepted. Form 2209  
attached.

- No reply to courtesy investigation.  
Copy of Form 2209 attached.

## REFERENCE NUMBER AND CLASS OF TAX

61 OP 401231 IT \$2,125.17  
 59 A 11 545077 Exc \$16,879.05  
 60 BP 300661 IT 1,551.17

- Transferee office requests transfer.  
Request attached.

- Completed courtesy investigation. Insufficient information furnished to permit disposition of account.

- District Directors agree to transfer. Explain under remarks.

- Foreign, APO or FPO address (To International Operations only.)

## REMARKS

Offer in Compromise rejected. Form 1271 and c/c of rejection letter attached.

ORIGINATING TYPE A OFFICE

Dallas OCF

REVENUE OFFICER'S SIGNATURE

Eva Lane, Inactive Accts

GROUP SUPERVISOR'S SIGNATURE

DATE

11 8 62

U. S. TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE

TDA TRANSFER

FORM 2650 (REV. 12-61)

RECEIVED  
 NOV 9 1962  
 DIST. DIR. INT. REV.  
 DALLAS  
 OCF #13

COMMISSION EXHIBIT No. 1727-Continued

*Even tone*

OCT 21 1962

A:R

Mr. Jack Ruby  
3508 Oak Lawn  
Dallas, Texas

Dear Mr. Ruby:

I have carefully considered the offer of \$1,500 submitted to  
compromise your income tax liability for the years 1959 and  
1960.

Your offer is hereby rejected for the reason that the tax is  
legally due, and you have not been filing returns for other  
Federal taxes and paying these taxes as they become due.

Please take up with us the matter of payment of the liability.

Sincerely yours,

(Signed) Ellis Campbell, Jr.  
Ellis Campbell, Jr.  
District Director

*250<sup>00</sup> - paid on offer*  
~~100~~

*6*

COMMISSION EXHIBIT No. 1727-Continued

COMMISSION EXHIBIT No. 1727-Continued

OCT 31 1952

ASB

Mr. Jack Ruby  
3508 Oak Lawn  
Dallas, Texas

Dear Mr. Ruby:

I have carefully considered the offer of \$6,500 submitted to compromise your liability for amuse (Cabaret) taxes for the first quarter of 1956 through the second quarter of 1959.

Your offer is hereby rejected for the reason that the tax is legally due, and you have not been filing returns for other Federal taxes and paying these taxes as they became due.

Please take up with us the matter of payment of the liability.

Sincerely yours,

(Signed) Ellis Campbell, Jr.

Ellis Campbell, Jr.  
District Director

\$ 1000 paid on offer

7

COMMISSION EXHIBIT No. 1727-Continued