

Opinion No. 1135

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
TAX DIVISION

JOSEPH M. BURTON
CLERK OF THE
SUPERIOR COURT OF THE
DISTRICT OF COLUMBIA
TAX DIVISION

TAX DIVISION

SEP 22 1976

PETWORTH PHARMACY, INC.,)
)
 Petitioner)
)
 v.)
)
 DISTRICT OF COLUMBIA,)
)
 Respondent)

FILED

Docket No. 2179

FINDINGS OF FACT, CONCLUSIONS OF LAW
AND ORDER

This is an action brought by the petitioner in which it appeals an assessment of corporate franchise (income) taxes for calendar years 1967, 1968 and 1969. This Court has jurisdiction pursuant to D. C. Code 1973, §§11-1201, 11-1202.

I

History of This Case

Before addressing the merits of this case, it is appropriate to briefly review the history of this litigation and related litigation before other courts.

This Petition was filed in 1972.^{1/} The case went to trial in November 1972, and on March 9, 1973, the trial court (Ketchum, J.) filed an opinion in which he denied the petitioner's appeal. Petworth Pharmacy, Inc. v. District of Columbia, 101 Wash. L. Rept. 683 (Super. Ct. 1973). Petitioner appealed that

^{1/} A related injunction action was filed even prior to the filing of this Petition.

decision asserting a number of errors. The Court of Appeals reversed and remanded the case for a new trial after finding that the trial court erred in not admitting petitioner's business records. Petworth Pharmacy, Inc. v. District of Columbia, 335 A.2d 256, 258 (D.C. App. 1975).

The case was not returned to the original trial court but was certified to this court for trial.

Related Litigation.

As previously noted, this petitioner also filed an injunction action in this court in an attempt to secure the return of certain materials. That matter was apparently disposed of prior to the institution of this action. Moreover, there have been related criminal actions in the federal courts in Maryland. Perhaps the most significant of the related cases are those filed in the United States Tax Court in which Richard P. Rosenberg and this petitioner filed actions for refund of federal taxes for the same calendar years involved here. Rosenberg v. Commissioner, USTC Docket 7429-71 (decided January 17, 1974); Petworth Pharmacy, Inc. v. Commissioner, USTC Docket 7430-71 (decided January 17, 1974). The Tax Court found that Petworth had overstated its gross income by \$57,574. in 1969 while it found against Richard Rosenberg in the related case.

Motion for Summary Judgment.

After this case had been remanded for trial, the petitioner filed a Motion for Summary Judgment asking this Court to rule as a matter of law that there were no deficiencies due from

petitioner for calendar years 1967, 1968 and 1969. That motion was denied since it was quite obvious that there were and are genuine issues of material fact in this case. Under such circumstances summary judgment does not lie.^{2/}

II

The Present Record in This Case.

For obvious reasons, it is important to note exactly what constitutes the record in this case. After the case was certified to this Court for trial, the Court met with counsel to determine whether counsel would be able to enter into any stipulations which might shorten this trial.^{3/} Counsel met and eventually agreed to stipulate the entire record in the previous case, including the transcript of testimony and exhibits received in evidence. They also agreed that a second trial was necessary only in order to supplement the record in the first case.

^{2/} In view of the Court's ruling, there was no need to address the further objection made by respondent, namely, that the rules of the Tax Court do not permit motions for summary judgment.

^{3/} The court in the previous trial noted that it had "heard substantial testimony over a period of several days, . . . studied voluminous exhibits and accounts of the petitioner-taxpayer . . .". Petworth Pharmacy, Inc. v. District of Columbia, 101 Wash. L. Rept. 683 (Super. Ct. 1973). The burden placed upon this Court was even greater since the parties stipulated the entire record in the first trial for consideration by this Court in addition to presenting additional evidence in a second trial.

This Court accepted the stipulation of counsel, however, there remained a question as to objections or motions to strike which had been made in the first trial. In other words, if petitioner had objected to certain evidence in the prior case and the objection was either overruled or sustained, was it necessary under the stipulation for this Court to reconsider the ruling of the prior court prior to reaching the merits of this case. If such were the case, a heavy burden would have been placed upon the court since it would have been required to consider each and every objection, no matter how insignificant, raised in the transcript of the prior case, a transcript consisting of 505 pages. Additionally, it might have posed difficult problems in the case of any appellate review of this trial since it appears that numerous evidentiary issues were appealed in the first case. 335 A.2d at 257, 258 n. 2.

In order to avoid such problems, this Court entered an order on November 5, 1975, in which it provided that the Court would only consider the evidence and testimony received in the prior trial. The Court further provided that if the evidence or testimony in the prior case was received over objections by a party, the Court would deem the objection withdrawn for this trial unless the objecting party renewed that objection in writing. The same would apply to motions to strike and objections which were sustained. In short, this Court deems that the parties have waived all objections or motions relating to evidence in the prior case unless they renewed them by written motion in this case. See Order dated November 5, 1975.

Rulings on Evidence in 1972 Trial.

As a result of the above order, petitioner requested this Court to rule on five items presented in the prior trial. (See Petitioner's Request for Rulings filed on November 26, 1975.) The Court now considers those requests for rulings in the order made.

(1) Testimony of William Mack Holt; use of transcript in criminal case involving Moses Mills. (TR. 288)^{4/} Petitioner objected when the respondent used the transcript of a criminal case, in which Holt testified, to "refresh"^{5/} recollection .

The objection made poses a close question. However, the Court rules that the objection was properly overruled by the former trial court. The question and answer leading up to respondent's attempt to refresh recollection were as follows (TR 288):

Q And how much did you pay for that?

A I don't know the exact price, I think it was fifty some dollars.

Had the witness answered simply that the price "was \$50", the objection would have been well taken. However, his actual answer suggested that he could not really recall. Under those circumstances, it was proper to refresh his recollection thus the objection was properly overruled. However, this issue

4/ "TR" refers to the transcript of the 1972 trial in this case.

5/ The characterization made by the previous trial court.

is much to-do about nothing since, even after respondent attempted to refresh his recollection, the witness was still unable to recollect the actual price. Even though respondent never asked the final question, i.e., "Does that refresh your recollection", it seems quite clear that Holt would have answered in the negative. The questions and responses were (TR 289-290):

Q Now, do you remember being asked the question "What would be the price of a one gallon container," and your answer, "Approximately 60, \$65".

A It could have been but I don't remember now exactly what the price was.

Q And do you remember being asked this question, "What would be the price of a case?" and your answer, "Sixty dollars."

A It could have been.

Obviously, the witness still could not answer and the answer remains "fifty some dollars". The transcript of the criminal trial is not past recollection recorded.

Petitioner's other objections to the testimony are not well taken. It is irrelevant that petitioner did not have the right to cross-examine in the criminal case since respondent was merely attempting to refresh the witness's recollection. In any event, as noted above, respondent is still bound by the original answer.^{6/}

^{6/} The respondent was able to secure an answer of \$60 and \$65 from another witness in this case.

(2) Testimony of William Mack Holt (TR 295-296).

Petitioner requests a ruling that he should have been permitted to use the transcript in the Maryland case to impeach Holt by showing convictions for "murder, burglary and numerous illegal operations in cough syrup." This Court does not understand the request for ruling since the witness did in fact thereafter state that he had been convicted for murder and burglary.

(See, TR 296) As to that portion which relates to "numerous illegal operations in cough syrup", petitioner has made no showing that Holt in fact had such convictions. The Court concurs with the prior ruling.

(3) Requires no action by this Court.

(4) Petitioner's Exhibits 1 through 5 have been received.

See also, 335 A.2d at 258.

(5) This Court has reviewed the transcript (TR 442-445) together with the subject exhibits (Pet. Ex. 17 and 18 for identification) and concludes that they are not admissible.

Request for Reconsideration of Rulings in This Case.

Petitioner also filed a motion for reconsideration of this Court's ruling during the course of the trial in which it refused to receive Petitioner's Exhibits 25 through 28 in evidence. Respondent opposes the motion. The Court after giving the motion further consideration concludes that its original ruling was correct, accordingly, the petitioner's motion for reconsideration is denied.

To summarize, the record in this case consists of the record in the first trial, including the transcript and exhibits received subject to the above rulings, and the transcript and evidence received in the second trial. All objections or motions made in the first trial are waived except those that are the subject of the rulings requested by the petitioner and just discussed.

III

As noted above, this is an appeal from a deficiency assessment for corporate franchise taxes for 1967, 1968 and 1969. Setting aside for a moment the Government's assertion of fraud penalties, the Court notes that "the petitioner bears the burden of proving the incorrectness of the Government's assessment of the deficiency". Petworth Pharmacy, Inc. v. District of Columbia, supra at 258. See also Welch v. Helvering, 290 U.S. 111 (1933); Super. Ct. Tax R. 11(d). Stated differently, the assessment is presumptively correct. Here, the Court finds that the petitioner overcame the presumption so as to avoid a motion for a directed verdict. Thereafter, the Court is satisfied that the respondent established its case by preponderance of the evidence.

The fraud penalties raise a different issue. The burden of proof is upon the Government to establish fraud by clear and convincing evidence and this is the burden of proof applied in this case. United States v. Rexach, 482 F.2d 10 (CA 1, 1973). The Government has met that burden.

One other issue must be addressed. Petitioner contends that the respondent should not be permitted to go forward on fraud penalties because they were not properly pleaded in respondent's answer to the Petition. While it is true that the answer was indeed sparse, the Court cannot overlook the reason for requiring greater specificity in pleading fraud. It is to clearly put the other side on notice and it seems that it goes beyond mere notice pleadings. Here, the case was fully tried in 1972 and 1973, and thereafter appealed. Obviously, at this stage, that is the second trial, petitioner is clearly on notice of the nature of the respondent's contentions relating to fraud. Any defect in the original answer has been cured by this turn of events.

IV

After considering the testimony and other evidence received in this case, as well as the arguments and briefs of counsel, the Court makes the following findings of fact:

1. In the 1960's and 1970's the petitioner was a corporation licensed to do business in the District of Columbia operating under the name "Petworth Pharmacy". Petitioner's place of business was located at 4201 Georgia Avenue, N.W. in the District of Columbia. During the period 1967 through 1969, the officers of the petitioner were Louis Rosenberg, President; Richard Rosenberg, Vice President; and Jerry Rosenberg, Secretary-Treasurer. Louis Rosenberg was the father of Richard and Jerry Rosenberg. Jerry and Richard Rosenberg were co-managers of the business.

2. The petitioner filed District of Columbia Corporate Franchise Tax Returns for calendar years 1967, 1968 and 1969. (Pet. Exs. 6, 7, 8.)

3. The respondent reviewed and audited the returns and made a determination that the petitioner failed to report profits or income resulting from the sale of Robitussin AC.^{6a/} As a result of that audit, the respondent determined that there was a deficiency due for each of the three years in the total amount of \$34,491.30 including 50 percent fraud penalties. The above taxes have been paid. Respondent later conceded that petitioner is due a partial refund so that the tax amount presently in dispute in this case is \$26,846.61.

4. Robitussin AC is a narcotic-based cough syrup manufactured by the A. H. Robbin Pharmaceutical Company of Richmond, Virginia.

5. During the period 1967 through 1969, Robitussin AC could only be purchased by retail customers in one of two ways: (1) Pursuant to a prescription issued by a medical doctor or (2) over-the-counter provided the sale was entered in the Exempt Narcotic Purchase Book. Only one four-ounce bottle could be purchased by any customer within a 48 hour period. These rules were known and understood by the officers, agents and employees of the petitioner.

6. The petitioner maintained an Exempt Narcotic Purchase Book and required purchasers of narcotic-based cough syrup to have their names and addresses entered in the Exempt Narcotic Purchase Book during the period 1967 through 1969.

6a/ Respondent also determined that the \$25,300 claim for bonus paid on the 1969 return was not allowable. Petitioner concedes that issue. See also Finding No. 21.

7. The Narcotics Division of the Metropolitan Police Department (hereinafter simply identified as MPD) monitors the sale and distribution of narcotic-based cough syrup in the District of Columbia. MPD also insured that drug stores complied with the requirement that purchasers of narcotic-based cough syrup have their names entered in the Exempt Narcotic Purchase Book where such purchase was made without a prescription.

8. In 1969, MPD began an investigation of petitioner's sale of Robitussin AC after learning that petitioner was purchasing large quantities of Robitussin AC from two legitimate wholesalers in the Metropolitan Washington Area.

9. As a part of their investigation, MPD, on three different occasions in March 1969, sent three undercover narcotics officers to petitioner's store to purchase Robitussin AC over-the-counter and not by prescription. On each occasion, the officers were told by the party in the store (believed to be Richard Rosenberg) that petitioner did not have or did not sell Robitussin AC. Each officer was recommended to and sold a different narcotic based cough syrup and upon making the purchase was required to have his or her name entered in the Exempt Narcotic Purchase Book.

10. At or about the time of the above-attempted purchases by MPD officers, petitioner in fact had within the control and possession of its officers agents and employees, large quantities of Robitussin AC.

11. After further investigation, the MPD obtained a search warrant in February 1970. MPD entered and searched petitioner's drug store pursuant to the warrant and seized quantities of Robitussin AC together with available books and records of the petitioner. Among the records seized was the Exempt Narcotic Purchase Book. Also seized were 31 gallon bottles and 124 four-ounce bottles of Robitussin AC.

12. The Exempt Narcotic Purchase Book contained no record of over-the-counter sales of Robitussin AC in 1967, 1968 or 1969.

13. The petitioner's prescription records revealed that only 159 four-ounce bottles of Robitussin AC had been sold pursuant to prescription for the period 1967 through 1969. The wholesale value of that amount was approximately \$250.

14. In 1967 through 1969, the petitioner purchased Robitussin AC from two legitimate wholesale firms, namely, Washington Wholesale Drug Exchange and the District Wholesale Drug Corp.

15. The wholesale price paid by petitioner to the above wholesale companies for Robitussin AC only was: 1967 - \$30,529.80, 1968 - \$86,424.35, and 1969 - \$124,147.00 or a total of \$241,101.15 for the three taxable years.

16. Another indication of the size of petitioner's purchases of Robitussin AC is the fact that from January 4, 1969 to February 26, 1970, it purchased 51,364 four-ounce bottles and 2,110 gallon bottles of Robitussin AC.^{7/}

^{7/} Of course, the applicable tax year ended December 31, 1969, however, the volume purchased for this period was consistent with the wholesale price paid by petitioner for Robitussin AC in 1969. (See Finding No. 15.)

17. That portion of the Robitussin AC remaining after deducting the reported purchase sales and that seized by MPD in February 1970, was sold by Richard Rosenberg and Jerry Rosenberg into the illegal drug trade operating in and around Baltimore.

18. Petitioner maintained poor records concerning the purchase and/or sale of Robitussin AC. As a result, purchases had to be traced by use of the records of wholesale companies.

19. MPD returned the Exempt Narcotic Purchase Book to the possession and control of petitioner's officers, agents and employees, however, that book has since disappeared.

20. Petitioner contends that the sale of some or all of the Robitussin AC is reflected under the term "miscellaneous" in its daily cash records. That claim is unsupported by credible evidence, in fact, the Court finds credible evidence supports the conclusion that such sales were not recorded under "miscellaneous sales". The Court so finds.

21. Petitioner has conceded for the purposes of this case that the entry of a \$25,300 bonus to Richard Rosenberg in 1969, and noted in that return, is in error. Regardless of that concession, the Court finds based upon the evidence that the bonus was not properly authorized or paid and therefore is not deductible by petitioner.

22. Cases and bottles of Robitussin AC, which had been purchased by petitioner, were traced to the home and garage of Richard Rosenberg. From there, it was sold into

the illegal drug trade.

23. A search of Richard Rosenberg's home and garage in 1970 led to the seizure of Robitussin AC and \$103,000 in unaccounted for cash.

24. After hearings in the Tax Court of the United States in the cases of Petworth Pharmacy v. Commissioner, and Richard Rosenberg v. Commissioner, the Tax Court found that the petitioner had overstated its income and attributed the income in the sale of Robitussin AC to Richard Rosenberg.

25. There is no evidence that Louis Rosenberg was involved in the illegal sales of Robitussin AC. The Court finds that Jerry Rosenberg and Richard Rosenberg were involved in the illegal sales and were at that time acting for and on behalf of the petitioner. Moreover, the Court finds that the officers of the corporation, in filing corporate franchise tax returns on behalf of the petitioner in 1967, 1968 and 1969, deliberately understated the income of the corporation and at that time were acting for and on behalf of the petitioner.

26. The petitioner, its officers and agents, fraudulently failed to report its profits and income from the sale of Robitussin AC with the intent to evade the tax and the petitioner is accordingly chargeable with a 50 percent fraud penalty under D. C. Code 1973, §47-1589b(b).

27. The price paid by petitioner to legitimate wholesale dealers for Robitussin AC was as follows: For one gallon bottles they paid no more than \$33.90. That same item was later sold on behalf of the petitioner into the illegal drug market for

\$65.00 representing an approximate markup of 96 percent.

Petitioner purchased from the same wholesale dealers four ounce bottles for \$1.20 or \$28.80 for a 24 bottle case, and sold the same case for \$60.00 in the illegal drug trade representing a markup of approximately 104 percent. The higher markup for four-ounce bottles occurred because in the illegal retail sale made by petitioner's purchasers, it was possible to receive more for a labeled four-ounce bottle than from an unlabeled four-ounce bottle which had to be made up from gallon bottles.

28. Based upon the above facts, the Court finds as a fact that the petitioner's markup on its illegal sales of Robitussin AC, which were sold for and on behalf of the petitioner, was 100 percent. That income should have been reflected on the corporate returns but was not.

29. No portion of the markup or income or profits earned on the petitioner's illegal sales of Robitussin AC was reported in the corporate franchise tax returns filed by the petitioner in 1967, 1968 and 1969.

30. Petitioner has alleged in one of its arguments in this case that at least some portion of the Robitussin AC was reported in their daily cash reports under the item "miscellaneous". This Court finds no evidence whatsoever to support the petitioner's position. Had that been the case, such sales should have been recorded in the Exempt Narcotic Purchase Book and no such sales for Robitussin AC appear in that book after 1966. This Court finds as a fact that the sales of Robitussin AC are not included under the item "miscellaneous".

V

The Court concludes as a matter of law that the facts clearly support a finding that the petitioner, acting through its officers, agent and/or employees, purchased Robitussin AC at wholesale for the purpose of reselling it into the illegal narcotic trade. Moreover, it seems inconceivable that only Richard Rosenberg, the Vice President was involved. Jerry Rosenberg, the Secretary-Treasurer of the petitioner had access to the books and records of the corporation and the Court is satisfied that he knew of its illegal activities and unreported income. It is noted that one witness testified that he purchased Robitussin AC from Jerry Rosenberg. For the officers of this corporation not to have known of the illegal activities of the corporation would have meant that they would have had to close their eyes to high expenditures made by the petitioner for the purchase of Robitussin AC. Moreover, they would have had to close their eyes to the large quantities of Robitussin AC being brought into and being removed from the petitioner's drug store.

There is also the fact that MPD undercover officers were unable to purchase Robitussin AC at a time when petitioner's officers and agents had it within their control and custody. Again it is inconceivable that the officers, including Jerry and Richard Rosenberg, would not have known of that fact. Furthermore, it is inconceivable that the officers were not aware that sales of Robitussin AC were not being reported in either the prescription sales books or the Exempt Narcotic

Purchase Book. The record reveals that no sales of Robitussin AC had been reported in the Exempt Narcotic Purchase Book since 1966, a further indication that the corporation through its officers had made a decision in 1967, 1968 and 1969 to enter into the illegal trade and selling of Robitussin AC.

In addition to the above, it would be necessary to stretch the imagination to believe that the officers of the petitioner, including Richard and Jerry Rosenberg, did not question the increase in purchases of Robitussin AC for 1967; 1968 and 1969. The facts support the conclusion that the purchases were made out of the funds of the petitioner and that invoices were addressed to the petitioner. Last, Richard Rosenberg testified that the sales were made for and on behalf of the petitioner.

Under the above facts, it is clear that the respondent has established, by more than a preponderance of the evidence, that the petitioner engaged in the illegal sale of Robitussin AC, that the petitioner failed to report the income earned on those sales on its District of Columbia Corporate Franchise Tax Return and that the deficiency assessment, which the Court understands reflects a markup of 100 percent on illegal Robitussin AC sales, is correct.

Turning to the fraud penalties, the Court concludes as a matter of law that the respondent has proved by clear, convincing and unequivocal evidence that the petitioner's actions in not reporting its income earned as a result of its illegal sales of Robitussin AC was willful and made with intent to defraud the Government and evade the payment of taxes in 1967, 1968 and

1969. Obviously, the petitioner did not want to report sales and income which it received through its illegal operations. Its officers went to great lengths to cover up the operation including not selling Robitussin AC over-the-counter through the exempt narcotic procedures. Petitioner in making the sales of Robitussin AC was required to have those sales recorded in the Exempt Narcotic Purchase Book. The Court finds, that the petitioner, acting through its officers and agents, deliberately and willfully failed to record those sales. Moreover, it is noted that the Exempt Narcotic Purchase Book which was returned to the possession of the petitioner has since disappeared. It follows then that the respondent correctly assessed fraud penalties pursuant to D. C. Code 1973, §47-1589b(b).

O R D E R

It is hereby

ORDERED that the respondent shall submit a proposed order consistent with these findings and conclusions of law within five days of the receipt of this order and at the same time shall forward a copy of the proposed order to both counsel for the petitioner. Petitioner shall thereafter, within five days of receipt of the proposed order, note any objections to the form of the proposed order. Any such objections must be in writing and must be filed with the Court with copies to respondent. Upon failure of the petitioner to object within the five-day period, the Court will enter an appropriate order.

Dated: September 21, 1976


JOHN GARRETT PENN
Judge

Copies to:

Sylman I. Euzent, Esq.
8401 Connecticut Ave.
Chevy Chase, Maryland 20015

Melvin Washington, Esq.
Assistant Corporation Counsel
District Building
Washington, D. C.

Copies mailed postage prepaid
to parties indicated above on
9/21, 1976.

Jean Sesserus

Finance Office, D.C.

9/23/76
(10)

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA

JOSEPH M. BURTON
CLERK OF THE
DISTRICT COURT OF THE
DISTRICT OF COLUMBIA
TAX DIVISION

TAX DIVISION

OCT 22 1976

PETWORTH PHARMACY, INC.,)
)
 Petitioner)
)
 v.)
)
 DISTRICT OF COLUMBIA,)
)
 Respondent)

Docket No. 2179

FILED

ORDER

This Court entered an Order on September 21, 1976, affirming the tax assessments made by the respondent. That Order required respondent to submit a proposed order and also afforded petitioner an opportunity in which to object to the proposed order. Respondent submitted a proposed order on September 28, 1976. Petitioner has filed no objection to the proposed order nor has it submitted a proposed order of its own. In view of the above the Court adopts the Decision and Order submitted by the respondent, incorporates the same as a part of this Order, and affirms the assessments made by the respondent and dismisses this appeal. It is hereby

ORDERED that the assessments made by the respondent in this case are affirmed, and it is further

ORDERED that the appeal filed by the petitioners is denied and dismissed.

Dated: October 22, 1976


JOHN GARRETT PENN
Judge

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
TAX DIVISION

PETWORTH PHARMACY, INC.,	:	
	:	
Petitioner,	:	
	:	
v.	:	Docket No. 2179
	:	
DISTRICT OF COLUMBIA,	:	
	:	
Respondent.	:	

DECISION and ORDER

This case having come on for retrial on October 6 and 7, 1975, after remand to the Superior Court by the District of Columbia Court of Appeals, and this Court, on September 21, 1976, having entered its Findings Of Facts and Conclusions Of Law, it is by the Court this day of 1976,

ORDERED:

(1). That a decision in the above-captioned case be and the same hereby is entered in favor of the Respondent; and,

(2). That the assessment against petitioner of a deficiency in District of Columbia corporation franchise taxes for the fiscal years 1967, 1968 and 1969 in the total amount of \$25,328.61, including penalties and interest, as set forth in the following schedule, be, and the same hereby is, affirmed:

<u>Schedule of Taxes, Penalties and Interest</u>		
<u>Date</u>	Tax	
1967	Tax	\$1,939.51
	Add-50% Penalty;	969.76
	Interest to 1/27/72	436.39
	Total: Tax, Penalty and Interest	<u><u>\$3,345.66</u></u>

<u>Date</u>		
1968	Tax	\$5,866.84
	Add-50% Penalty;	2,933.42
	Interest to 1/27/72	<u>968.03</u>
	Total: Tax, Penalty and Interest	<u>\$9,768.29</u>
1969	Tax	\$7,038.18
	Add-50% Penalty;	3,519.09
	Interest to 1/27/72	<u>739.00</u>
	Total: Tax, Penalty and Interest	<u>\$11,296.27</u>
1969	Tax	\$1,518.00
	Officers Salary - Disallowed (\$25,300.00)	
	Add-50% Penalty;	759.00
	Interest to 1/27/72	<u>159.39</u>
	Total: Tax, Penalty and Interest	\$2,436.39
	Less (conceded to be due by petitioner):	<u>-1,518.00</u>
		<u>\$ 918.39</u>

Recap - 1967, 1968 and 1969

Tax	\$16,362.53
50% Penalty	8,181.27
Interest to 1/27/72	<u>2,302.81</u>
Total: Tax, Penalty and Interest	\$26,846.61
Less	<u>-1,518.00</u>
Total	<u>\$25,328.61</u>

J U D G E

Copies to:

Sylman I. Euzent, Esq.
8401 Connecticut Ave.
Chevy Chase, Md. 20015

Melvin Washington, Esq.
Assistant Corporation Counsel
District Building
Washington, D. C.

Copies mailed postage prepaid
to parties indicated above on
10/22, 1976

Jean Senerius