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BIGGEST TAX APPEAL CASE OPENING TODAY

\$32,000,000 Involved in
Hearing Starting at
Detroit

By FOSTER EATON
United Press Staff Correspondent
DETROIT, Mich., Jan. 11.—The largest and probably most significant tax appeal case in the history of America, involving approximately \$32,000,000, is to be heard by the Federal Tax Court today. The case is that of the Ford Motor Company, which is appealing the assessment of \$32,000,000 in taxes for the year 1919, which was levied by the Internal Revenue Commissioner David H. Blair.

The hearing will be held in the Federal Tax Court, which is a part of the Federal Reserve Bank building. The case is the largest in the history of the Federal Tax Court, and it is expected that it will set a precedent for the future. The Ford Motor Company is represented by the law firm of Clegg, McLaughlin & Co., and the Internal Revenue Commissioner is represented by the law firm of Blair, McLaughlin & Co.

The chief point at issue in the case is whether the Ford Motor Company is entitled to a deduction for the cost of the stock which it sold in 1919. The company claims that it is entitled to a deduction of \$32,000,000, which is the amount of the stock which it sold. The Internal Revenue Commissioner claims that the company is not entitled to a deduction, and that it must pay taxes on the full amount of the stock.

SULPHUR CLEARS AN ECZEMA SKIN

Any breaking out of the skin, even if it is only a small spot, is a sign of eczema. Eczema can be quickly overcome by applying Mentho-Sulphur. Mentho-Sulphur is a powerful skin cleanser and it will remove all the dirt and grime from the skin. It will also soothe the skin and prevent it from becoming irritated.

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At all Druggists 125

FORD MOTOR COMPANY, placed a valuation of \$34,884,344 on the stock, as of March 1, 1919. The difference between that price and the subsequent sale price represented the income on which \$32,000,000 taxes already have been paid.

On March 13, 1925, however, Internal Revenue Commissioner David H. Blair set aside the Roper valuation of \$34,884,344 per share, recomputed the price at \$24,884 and levied the special assessment of \$32,000,000 additional. Because of the large sums involved, upper bracket tax percentages applied and taxes of approximately 75 per cent. were levied against the income from the sale.

ALL REFUSED PAYMENT

With the exception of Mrs. Kales all of the petitioners refused to pay the assessment, filed claims of abatement, and posted bonds as required. In the case of Senator Couzens the bond amounted to \$12,000,000.

The government and the petitioners differ widely on the question of fair value for the Ford stock, unofficial estimates of which have run as high as \$26,000 per share, although it is not now listed for sale on any market. The petitioners contend, however, that the original value set by former Commissioner Roper, (\$9,469.84), and on the income from which tax already has been paid, is not only fair but binding.

At a special hearing in Washington several months following the Blair reduction in the value of the stock as of March 1, 1919, counsel for the petitioners obtained a third alteration in the price to \$23,847.84, which is the basis on which the \$32,000,000 added assessment is computed.

Senator Couzens, who played an important part in the early success of the Ford Motor Company, originally owned but 25 shares of stock, which were increased in common with all others to 2,180 on November 9, 1908 by a 1,900 per cent. stock dividend. Paying \$1,000 for his original holding, he sold back his 2,180 shares at \$13.44 each for \$29,298.87, in addition to dividends received during the years prior to withdrawing.

Mrs. Haus, who originally owned but one share of stock, increased it to 20 with the 1,900 per cent. stock dividend and sold it back to Ford at \$13.44 each for \$269,600. It was estimated Mrs. Haus received more than \$200,000 in cash dividends in addition. The other eight defendants relinquished their stock for \$12,500 a share.

ROMANTIC STORY

Hearing of the case is expected to reveal much hitherto unpublished romance in the phenomenal development of the Ford Motor Company, which was organized on June 16, 1908, with a capital of \$100,000, of which \$25,000 was in cash. The rest of the capitalization was represented by \$21,000 in notes and accounts receivable, \$40,000 in machinery, and \$10,000 in contracts. Today the company is unofficially rated as a "billion dollar corporation."

It is owned outright by Henry Ford, Mrs. Henry Ford, and their son, Edsel B. Ford, president of the Ford Motor Company.

In the background of the entire case is perhaps the most striking instance of Henry Ford's desire to travel in business "alone, afoot and across lots." There was disagreement between the former stockholders over whether the enormous earnings of the company should be disbursed in dividends, returned back into the business for development work, some of the others wanted it all in dividends, and Couzens took the middle ground of part dividends and part development.

THREATENED TO WITHDRAW.

Unable to reach an agreement, or to gain his point, Ford at one time threatened to withdraw and start a new business of his own, until he ultimately operated through the Old Colony Trust Company of Boston to buy up all outstanding stock and gained outright control of the entire company. He is not interested financially in the present litigation, which, in event of a ruling adverse to the petitioner, may be appealed to court for jury trial.

Counsel for the ten petitioners include two former presidential candidates, John W. Davis and Charles Evans Hughes, both of New York. Davis is associated with Montgomery Angell, New York, Luman H. Goodenough and Russell A. McNair of Detroit in the case of David, Paul R. and Phillip Gray. Hughes is associated with Hal E. Smith of Detroit in handling Mrs. Kales' federal court suit.

Senator Couzens is represented by Clarence E. Wilcox and Arthur J. Lacy of Detroit; the John F. Dodge estate is represented by Sidney T. Miller, Lewis Padlock and Raymond Berry of Detroit; Joseph E. Davis and Franklin Jones of Washington. With the exception of Berry, the same counsel represent the Horace Dodge estate.

Rackham is represented by Clarence E. Wilcox, Joseph E. Davis, Arthur J. Lacy and Franklin Jones; Anderson is represented by Herbert Pope of Chicago, E. Barrett Prentiss of Washington, and by A. J. Lacy, C. E. Wilcox of counsel; Mrs. Haus is represented by A. J. Lacy and Clarence E. Wilcox.

CABINET DEFERS DECISION ON GRAIN APPEAL

Three Western Provinces
Take Case to Federal
Ministry

OTTAWA, Jan. 10.—Judgment was reserved this evening by the Federal Cabinet on the appeals of British Columbia, Alberta and Saskatchewan for removal of alleged discriminatory rates on grain and flour.

The hearing which opened early in the afternoon extended into the evening. Premier W. L. Mackenzie King, who had to leave the privy council chamber before the termination of the sitting, was present with a large representation of his cabinet, while an array of counsel appeared on behalf of the western provinces, the Canadian Pacific and Canadian National Railways.

British Columbia, through C. G. McGeer, K.C., was the first to be heard. Mr. McGeer asked that an 18-cent rate on grain and flour be put into effect from Calgary to points on the western coast.

REFERS TO 1925 ORDER.

The tariff and not the higher rate of 21 cents established by the Canadian Pacific Railway, was in effect in 1925 under an order passed by the Board of Railway Commissioners on Sept. 2, 1925, he contended.

"The situation on the Board of Railway Commissioners is somewhat extraordinary," interjected Mr. McGeer in the course of his argument, "and I think some of our trouble is accounted for by the attitude of certain members of the board."

W. N. Tilley, K.C., Toronto, counsel for the Canadian Pacific Railway, declared that the railway board's order of 1925, had been made by two commissioners only, and that the whole board had further considered the matter, and then divided equally on the question whether the order in question stood.

In the divided judgment, the six commissioners had agreed that in view of the equal division the then existing rates should remain in effect and that the matter would be open for further hearing during the general freight rates investigation.

C. P. R. Will Radio Ontario Banquet

TORONTO, Jan. 10.—The Cockshutt banquet committee announced last night that through the courtesy of the Canadian Pacific Railway, the latter will have an opportunity to listen to the program of the banquet during the general freight rates investigation.

Cockshutt which will be held in the Coliseum, Toronto, Jan. 18.

RELIEVES STIFFNESS CAUSED BY CHILL

Pressman tells how newspaper workers keep fit

The pressman working in a newspaper office at Dorchester, Mass., used to have great trouble with rheumatic stiffness owing to frequent sudden draughts of cold air when the doors were opened to take in rolls of paper. One of their number began using Sloan's Liniment and now they all chip in to keep Sloan's always on hand for the entire shop.

"After my day's work I rub a little Sloan's Liniment on my back and legs. It never fails."

Sloan's gives real help because it doesn't just deaden the pain. It gets at the cause.

Apply gently, without rubbing. Right away you feel the comfortable, glowing warmth as the new blood is brought to the sore spots, and soon the aching stops. Get a bottle today. All druggists—25 cents.

Virginia Academy Students Turned Out In Cold by Fire

NEW YORK, Jan. 10.—A score of boys were injured, five seriously, when 250 students of Randolph Macon Academy at Front Royal, Virginia, were driven from their beds by fire that destroyed the 3-story main building early today.

Many of the students were forced to jump from second and third floor windows. Nearly all, clad in night clothes, suffered intensely from the cold. The loss was estimated at \$100,000.

Death of Quebec Man To Be Probed

QUEBEC, Que., Jan. 10.—Word reached here today of the death at Rouyn, Quebec, of a man named Niemi under singular circumstances.

He was seen by neighbors chasing his wife with an axe in his hand, and with blood pouring from wounds which he himself had received. He finally caught his wife, but was so weak that she was not seriously injured. She was taken to a hospital, but Niemi himself died soon afterwards.

Coroner Dr. L. Boullie opened an inquest, and a few witnesses were heard. Mrs. Niemi is being kept under guard as an important witness for the inquest, which will be continued as soon as an autopsist sent from Quebec is ready with his report.

BROTHERS DIE

OTTAWA, Jan. 10.—Two brothers, Donat Benoit, aged 37, and Florien Benoit, aged 24, both married, of Valleyfield, Que., employees of the Fraser Brace Construction Company, died this afternoon at the Chelsea Hydro-Electric Development Hospital, following injuries received this morning when the breaking of a steel cable caused them to drop 40 feet to the bottom of an emergency gate opener at the front of the power house.

Was So Nervous The Least Noise Made Her Jump

Mrs. W. H. Yates, Ashern, Man., writes: "I was bothered very much with my heart and nerves, and the least noise would make me jump and almost stop my heart beating."

I told my mother about it one day, and she said that she had been bothered the same way and told me to get a box of

MILBURN'S
HEART
NERVE PILLS

When I had taken the one box I felt quite a lot better and by the time I had taken three boxes I got relief."

Price 50c, a box at 10c extra, or mailed direct on receipt of price by The T. Milburn Co., Limited, Toronto, Ont.

EVEN LIVERS GET LAZY!

You get lazy—everybody gets lazy—even your liver gets lazy now and then. When you get that tired, lay-me-down-and-die feeling take 15 to 30 drops of Selge's Syrup in a glass of water. Does the trick and safely. You'll feel new!

Delicious "Ovaltine" is the ideal beverage for anyone whose system has become run down through illness. Prepared from ripe barley malt, creamy milk and fresh eggs, it supplies the health and strength-giving essentials the body needs, in a form that makes no tax on the digestion. A single cup contains 12 times as much nourishment as a cup of beef tea, or 3 eggs.

"Ovaltine" has a delicious flavour, pleasing to all, and is quickly and easily prepared by mixing with warm milk or milk and water.

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SAYS DEFICIT OF PROVINCE ABOUT \$50,000

Premier Baxter Speaks at Underwriters' Banquet; Mayor on Harbor Plebiscite

That there would be no need of direct taxation was the statement of Premier Baxter at the annual banquet of the Life Underwriters' Association held in the Admiral Beatty Hotel last evening. "I believe in trying to keep my promises," said Hon. Dr. Baxter, and the year which closed on Oct. 31, will find that instead of facing a deficit of \$50,000, or even less.

Seated at the guests table were Hon. Dr. Baxter, Premier of New Brunswick; Mayor White, F. O. Conlon, chairman; E. V. Chown, secretary of the Life Underwriters' Association of Canada; Mrs. F. O. Conlon and Mrs. Hugh Cannel, wife of the president of the Life Underwriters' Association of New Brunswick.

DR. BAXTER.

The speaker of the evening was Hon. Dr. Baxter. In his opening remarks Premier Baxter said it gave him great pleasure to be present at a banquet given by the Life Underwriters' Association. The Underwriters of Canada, he stated, were doing much to reduce the death rate in Canada, and he pointed to the efforts of the organization in New Brunswick to combat tuberculosis. Insurance, he pointed out, was established for the benefit of humanity and the men engaged in it as a profession.

FARMER ARRESTED In Burning of Wife

BROCKVILLE, Ont., Jan. 10.—Albert Debruge, resident of Elizabeth Township, four miles north of here, was taken into custody this evening by Provincial Constable S. J. Elliott, charged with setting fire to the residence in which his wife was burned to death early Saturday morning.

Constable Elliott and local police conducted a searching investigation today at the scene of the fire, and it is understood evidence was secured upon which to issue a warrant which was served upon Debruge on the street here near the undertaking establishment where his wife's remains repose.

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