

STATE OF NEW YORK
STATE TAX COMMISSION

In the Matter of the Petition

of

JOHN C. LEGG, JR. (DECEASED)

AFFIDAVIT OF MAILING

For a Redetermination of a Deficiency or :
a Revision of a Determination or a Refund :
of Personal Income :
Taxes under Article ~~(xx)~~ 22 of the :
Tax Law for the Year(s) ~~xxx~~ Period(s) :
1961 and 1962.

State of New York
County of Albany

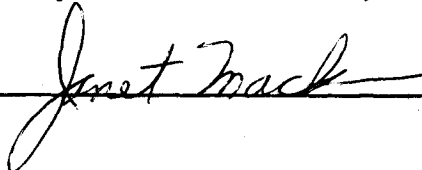
Catherine Steele, being duly sworn, deposes and says that
she is an employee of the Department of Taxation and Finance, over 18 years of
age, and that on the 1st day of October, 1976, she served the within
Notice of Decision by (certified) mail upon John C. Legg, Jr.
(Deceased)
~~(representative of)~~ the petitioner in the within proceeding,

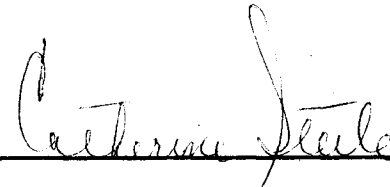
by enclosing a true copy thereof in a securely sealed postpaid wrapper addressed
as follows: John C. Legg, Jr. (Deceased)
c/o Howard D. Demuth, Joseph W. Sener &
Mercantile Safe Deposit & Trust Co., Executors
13 South Street
Baltimore, Maryland
and by depositing same enclosed in a postpaid properly addressed wrapper in a
(post office or official depository) under the exclusive care and custody of
the United States Postal Service within the State of New York.

That deponent further says that the said addressee is the ~~(representative of the)~~
~~xxx~~ petitioner herein and that the address set forth on said wrapper is the
last known address of the ~~(representative of the)~~ petitioner.

Sworn to before me this

1st day of October, 1976





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STATE TAX COMMISSION

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she is an employee of the Department of Taxation and Finance, over 18 years of
age, and that on the 1st day of October, 1976, she served the within

Notice of Decision by (certified) mail upon Howard O. Colgan, Jr., Esq.
Robert Franklin, Esq.
Horace Newman, Esq.
(representative of) the petitioner in the within proceeding,

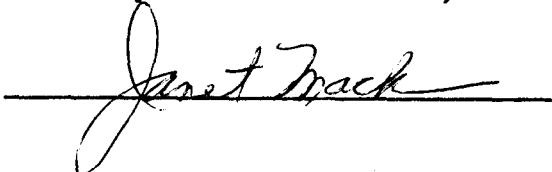
by enclosing a true copy thereof in a securely sealed postpaid wrapper addressed
as follows: Howard O. Colgan, Jr., Robert Franklin & Horace Newman, Esqs.
Milbank, Tweed, Hadley & McCloy
1 Chase Manhattan Plaza
New York, New York 10005

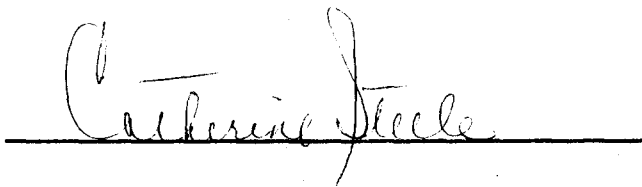
and by depositing same enclosed in a postpaid properly addressed wrapper in a
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last known address of the (representative of the) petitioner.

Sworn to before me this

1st day of October, 1976







STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE

STATE TAX COMMISSION

TAX APPEALS BUREAU
STATE CAMPUS
ALBANY, N.Y. 12227

ADDRESS YOUR REPLY TO

October 1, 1976

TELEPHONE: (518) **457-3850**

John C. Legg, Jr. (Deceased)
c/o Howard D. Demuth, Joseph W. Sener &
Mercantile Safe Deposit & Trust Co., Executors
13 South Street
Baltimore, Maryland

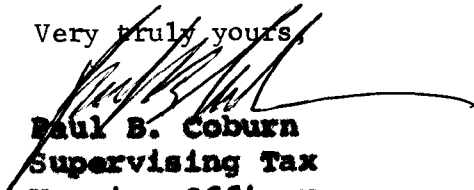
Gentlemen:

Please take notice of the **Decision**
of the State Tax Commission enclosed herewith.

Please take further notice that pursuant to
Section **690** of the Tax Law, any
proceeding in court to review an adverse deci-
sion must be commenced within **4 months**
from the date of this notice.

Inquiries concerning the computation of tax
due or refund allowed in accordance with this
decision or concerning any other matter relative
hereto may be addressed to the undersigned. They
will be referred to the proper party for reply.

Very truly yours,


Paul B. Coburn
Supervising Tax
Hearing Officer

Enc.

cc: Petitioner's Representative:

Taxing Bureau's Representative:

STATE OF NEW YORK

STATE TAX COMMISSION

In the Matter of the Petition
of
JOHN C. LEGG, JR. (deceased)
for Redetermination of a Deficiency or for
Refund of Personal Income Tax under
Article 22 of the Tax Law for the Years
1961 and 1962.

DECISION

Petitioner, John C. Legg, Jr. (deceased), c/o Howard D. Demuth, Joseph W. Sener and Mercantile Safe Deposit & Trust Co., Executors, 13 South Street, Maryland, filed a petition for redetermination of a deficiency issued under date of April 13, 1965, in personal income tax for the years 1960, 1961 and 1962 in the amount of \$909.84, plus interest of \$141.66, for a total of \$1,051.50.

A hearing was duly held on May 19, 1970, at the offices of the State Tax Commission, 80 Centre Street, New York City, before Lawrence Newman, Hearing Officer. Howard O. Colgan, Jr., Esq., Robert Franklin, Esq., and Horace Newman, Esq., all of Milbank, Tweed, Hadley and McCloy represented the petitioners. Edward H. Best, Esq., appearing by Solomon Sies, Esq., represented the Income Tax Bureau.

The record of said hearing has been duly examined and considered.

ISSUE

The issue in this case is the proper method of allocating primary or underwriting profits by petitioner, John C. Legg, Jr.'s (deceased) John C. Legg & Company, an underwriter and dealer in securities, when as part of a public offering the partnership as member of an underwriting syndicate managed by a New York based underwriter enters into an underwriting commitment for the purchase of securities of an issuing corporation, and the resulting effect of such allocation on petitioner, John C. Legg, Jr.'s personal income tax liability.

FINDINGS OF FACT

1. On April 9, 1963, Letters of Administration were granted to the Mercantile Safe Deposit and Trust Company, Howard E. Demuth and Joseph W. Sener, as executors of petitioner, John C. Legg, Jr.'s (Deceased) estate.

2. Petitioner, John Legg, Jr., filed New York State nonresident income tax returns for the years 1960 and 1961. Petitioner's executor's, the Mercantile Safe Deposit & Trust Company, Howard E. Demuth and Joseph W. Sener, filed a New York State nonresident income tax return for the year 1962.

3. On April 13, 1965, the Income Tax Bureau issued a Notice of Deficiency against petitioner, John C. Legg, Jr., for the years 1960, 1961 and 1962. Said Notice of Deficiency was based on petitioner, John C. Legg, Jr.'s share, as a partner, of partnership income from primary or underwriting profits

earned by John C. Legg & Company during the years in issue. Since the disposition of John C. Legg, Jr.'s petition is contingent on the State Tax Commission's determination in the Petition of John C. Legg & Company, the "Findings of Fact" in said decision are hereby adopted.

CONCLUSIONS OF LAW

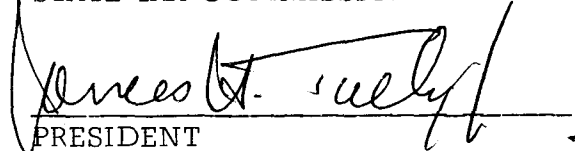
A. That the "Conclusions of Law" stated in the State Tax Commission's decision in the Petition of John C. Legg & Company, a copy of which is attached hereto, are hereby adopted.

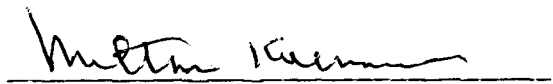
B. That petitioner, John C. Legg, Jr.'s estate is liable for personal income tax due on his proportionate share of the partnership, John C. Legg & Company's primary or underwriting profits allocated to New York State for the years 1961 and 1962, in the State Tax Commission decision in the Petition of John C. Legg & Company.

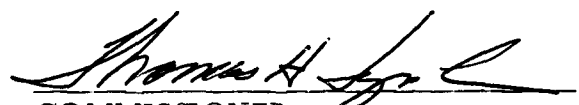
C. That the deficiency is hereby affirmed and the petition accordingly denied.

DATED: Albany, New York
October 1, 1976

STATE TAX COMMISSION


PRESIDENT


COMMISSIONER


COMMISSIONER