

1, 28/32 - W.B.Patrick, of Rib Lake, prominently identified with the Rib Lake Lumber Co. for many years, died at Marshfield. The cause was cancer.

2/4/32 - Last week the Rib Lake Lumber Co. mill ran Wednesday instead of Thursday as usual so those men that wanted could attend Mr. Patrick's funeral.

**W. B. Patrick, Obituary**

W. B. Patrick, woods superintendent for the Rib Lake Lumber company for many years and a resident of Taylor county for nearly 44 years, passed away Monday, Jan. 25, at the age of 62. He had been ill since September.

Funeral services took place Thursday afternoon at the Church of Christ at Rib Lake. Rev. Peter Holmes officiating, and interment was in the Rib Lake cemetery.

The pallbearers were Chris Brandt, L. E. Larson, Robert Aitken, James Peterson, Joe Langlois, and John Mitchell.

Walter Burdette Patrick was born Jan. 17, 1870. He came to Taylor county when 18 years of age, locating at Perkinstown. After working there for some time he went to Hinckley, Minn., where he remained a year. He returned to the county in 1892, settling in Rib Lake. He was first married to Myrtle Dodge, and to this union were born three children, Irene, who now lives in Rib Lake, and Harold and Catherine of Milwaukee. After her death he was married to Katherine Latus. Three children were born to this second union, Seldon, Annette, and Curtiss; all of whom live in Rib Lake. Mr. Patrick was the last of a family of seven.

2/18/32 - Rib Lake will benefit to the extent of \$19,723 for the collection of back taxes from the Rib Lake Lumber Co. The assessment of the taxes was for the years 1925 - 1929. Those were the years following the Rib Lake Lumber Co.'s change from a Wisconsin corp. to a Delaware corp., during which time the C reported no taxable income.

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Commission, said audit having been made at the general office of the parent company, The United State Leather Company, located in New York City.

The additional tax resulted principally from the adjustment of two large expense items which were deducted on the Wisconsin income tax returns filed by the company for the years 1925 to 1929, inclusive. The two items consisted of the depletion for timber cut, and interest charged against the Wisconsin business on a \$4,000,000.00 bond issue placed against the Wisconsin properties in 1925.

The parent company prior to 1925 owned timber lands in Wisconsin through three subsidiary companies, namely, the Rib Lake Lumber Company of Wisconsin, the Copper River Land Company, and the Union Tanning Company. In 1925 a \$36,000,000.00 bond issue of the parent company became due, and the parent company retired \$21,000,000.00 of this issue in cash and \$15,000,000.00 by a new or refunding issue of its own bonds. Unable to place a first mortgage bond issue directly against the properties of the subsidiaries, the parent company caused its subsidiaries to place bond issues directly against their properties, which bonds were not sold to the public, but were turned over to the parent company and used by the latter as collateral security for its own issue of bonds.

To facilitate this matter the timber holdings of the three subsidiary companies in Wisconsin, were all transferred to a newly organized corporation, The Rib Lake Lumber Company of Delaware, and a \$4,000,000.00 bond issue was then placed against the timber holdings in Wisconsin by the newly organized corporation. These bonds were then turned over to the parent company in New York to be used as security for its own bond issue. The interest on the \$4,000,000.00 bond issue was charged as expense on the tax returns of the Rib Lake Lumber Company of Delaware. At the time of this transfer of the Wisconsin timber holdings to the newly organized corporation, The Rib Lake Lumber Company of Delaware, the quantity and value of the timber was also written up or appreciated on the books of the company at the request of the bankers who underwrote the bonds of the parent company. The written up value of the timber was also used and charged into the logging costs of the Rib Lake Lumber Company in filing its income tax returns to Wisconsin.

The Tax Commission disallowed the entire interest charges on the \$4,000,000.00 bond issue for the reason that the bond issue of the Rib Lake Lumber Company (Delaware) was never sold to the public, but merely given to the parent company located in New York for use as collateral security for its own issue; that nothing new was gained or acquired by the Rib Lake

Lumber Company which it did not own previous to the bond issue; and that the interest paid was not paid in the operation of its Wisconsin business within the meaning of the income tax law.

The Tax Commission likewise reduced the annual depletion charges for timber cut which had been deducted on the basis of the written up value of 1925 made at the time of the bond issue, and allowed the company to deduct only the fair market value of said timber as of January 1, 1911. The Commission allowed as an offset against the above items, certain additional office and general overhead expenses which were incurred on behalf of the Rib Lake Lumber Company, but paid for by the parent company in New York.

Whereas the tax returns as filed by the corporation for the years 1925 to 1930, inclusive, showed operating losses or deficits aggregating \$1,492,541.14, the adjustments and disallowance made as a result of this audit were sufficient to offset the above losses previously reported, and convert them into a total taxable income for the period of \$519,867.19, with the resulting additional tax above indicated.

Copies of the decision of the Tax Commission were sent by registered mail to the taxpayer and his attorneys on February 11, and the taxpayer has the privilege of contesting the case in court in an appeal if taken to the Circuit Court of Dane County within thirty days after receiving the decision of the Commission.

**Tax Commission Certifies the Rib Lake Lumber Company Tax of \$38,246.08**

Village Share of Tax to Be \$19,123.05; County \$3,824.60; State \$15,298.43

Wisconsin's Tax Commission, has certified to John M. Zenger, Taylor county treasurer, for collection, the back income taxes assessed against the Rib Lake Lumber company.

The amount is \$38,246.08. Division of this amount on the basis of 50 per cent to the local governing unit, the village of Rib Lake; 20 per cent to the county, Taylor; and 40 per cent to the state of Wisconsin, will benefit the three treasurers in these amounts: the village of Rib Lake, \$19,123.05; Taylor county, \$3,824.60; and Wisconsin, \$15,298.43.

Assessment of these back income taxes was for the years following the change of the Rib Lake Lumber company from a Wisconsin corporation to a Delaware corporation. The books of

the company have been kept in New York City since that time.

The company, by its attorneys, disputed the assessments and made certain claims concerning the company's losses and its capitalization. These points are mainly covered in the following synopsis of the case, made by W. J. Conway, chairman of the Wisconsin Tax Commission, for Assemblyman John Gamper, Mefford:

A Brief Analysis of the Decision of the Tax Commission in the Case of the Rib Lake Lumber Company, a Delaware Corporation (By W. J. Conway, Wis. Tax Commission)

The Tax Commission has made an assessment of additional back taxes of \$31,967.17, plus interest thereon of \$6,288.91, or a total of \$38,246.08, against the Rib Lake Lumber Company of Delaware.

This assessment resulted from an audit of the books and records of the corporation by one of the auditors of the Income Tax Division of the Tax (Continued on Page Four)

RULING:  
RLLC  
OWES INCOME  
TAX  
\$38,246.08