

TO CAROLYN LAYTON

cc Jean Brown  
+ Terry Duford

Law Office Report, No. 7 December 22, 1977 from June

1. Harold Cordell is resentful against Ed because Harold still says that despite Ed's advising there will be no capital gains tax due on the sale of West House, Harold believes there will be capital gains tax of \$15,000 or more. He thinks there will be capital gains tax due when the tax people catch on to the fact that the house was never deeded over to P.T. as a gift before it was sold; rather, it was sold directly from Cordell to the buyer. Harold brought the subject up again this week and was angry with Ed about it; he blames the whole thing on Ed. I suggest a detailed answer be written up by Ed/Sarah and sent back for Harold.

2.  
Tish

2. Notice of Revocation of Sales Tax Permit on P.T. and Truth Enterprises - in my report of 11/28, I asked that Maria K. have Tish send back the Board of Equalization reports filled out; later I sent over duplicate forms to be filled out and returned. We have now figured out (Harold and Betty) how to do it on this end so DONT BOTHER TO SEND US THE FORMS BACK. BUT, please explain the following:

CD OP acct  
"nothing to report"  
but keep open

a. We understand the filing of the Board of Equalization tax forms each quarter for Truth Enterprises for publication's business; we are able to do this. WE DO NOT KNOW why tax forms were filed for Peoples Temple. Two Board of Equalization numbers were assigned, one for P.T.; one for Truth. The numbers represent the sales tax permits assigned to each corporation. Please tell us who uses the P.T. sales tax permit, and where Tish got the figures to submit to the Board of Equalization each quarter for P.T. We will be filing the quarterly reports for Truth and reinstaate our sales tax permit, but we are unable to file a report for P.T. until we know where to get the figures from.

Our "sales  
op" is in  
Valley - sales  
person works  
from home -  
have to open  
or "sell" corp  
involves getting  
state of Calif

b. Our operations now are in S.F. <sup>no!</sup> Should we transfer our sales tax permit to S.F.? This would involve filing quarterly reports with the S.F. Board of Equalization rather than the Ukiah office. Betty notes S.F. charges 1/2% more tax; this means that we would be paying more when we file our quarterly returns. Is it ok legally to stay with the Ukiah office when our operations are based in SF?

c. For the third quarter, 1977, Tish filed a report with the Board of Equalization for P.T., saying "nothing to report" - why? The quarter before, she filed a report and showed total sales to be \$721.09 with an amount due of \$48.88.

Vitamin  
acct only  
with stopped  
calling for  
"a" page 1

B5

B-5-a(1)

3. *Memo to Ed*

Report on taxes - We have noticed an increase in the past few months of audits, adjustments, and inquiries into members federal income tax returns; and we have received notices from irs on some of our corporations concerning nonfiling of returns; we have discussed some of these with Bentzman. Some of the adjustments appear to be on people who may have turned in their returns to Tish when they were apostolic here in 75 and 76. Following is a summary:

*7. For Reasons see Bonnie Bell*

a. audits on people who itemized p.t. as church they contributed to, on their tax returns:

Inquiries started coming in around September 1977, and they all concern years 1975 or 1976. Ed is familiar with the process we have of responding to these inquiries; we send the letter direct to irs with a general estimate of contribution. Ed should be checked with for further explanation of the contents of the letter and why. None of the people that these inquiries were made on were apostolic; they all did their own returns and they all itemized p.t. as church they donated to. They are Arnold & Gisteen Anderson, \$2200, 1976; Lorene Smith, \$2000, 1975; Lawrence Chavis, \$500, 1975; LeFlora Townes, \$775, 1976; Monica Peterson, \$1400, 1976; and L.C. Davis, \$2000, 1976.

*(provided by the member)*

*What % of gross income are these figures?*

*Tish thinks so - see memo to JJ*

(Our apprehension on receiving these inquiries may be ~~over-reactive~~; I dont know whether Eva got a lot of these same inquiries over the years or if this is a new trend.

All these people are called in for interviews; they all are asked for these substantiating letters from the church. We have not heard anything yet about any adjustment made in their income tax due for the year audited.

b. people who have already been audited and irs is sending out notices of \$ due because of error in filing:

*v w/ tax man, if due, then pay if taxable income*

In the past 4 months, we have received the following adjustments on people, all of whom are overseas. Harold wonders if possibly irs runs a check on people who travel to the mission, or maybe someone who left the church is turning these names in. I would be more inclined to agree with the first idea.

*Neither is hitting the 90's - see memo to JJ*

--We received a notice from irs for Cleve and Helen Swinney, that said in 1975 Cleve's pension was never reported as income on his tax return, and that the total tax due now, including penalties, is \$686.

*They take a position & we have to disprove it with documentation - they charge error in filing of fraud - code this word don't use on air page 2 triggers a special listening computer.*

B5-a(2)

*check with 2 tax person to see if they owe this, what would be the ramifications for non-payment.*  
*as long as they filed - is a real problem - can send a letter with check w/ checkin*  
*Send notices immediately on these to Ed!*  
**Don't Pay!**

- We received a notice from the Franchise Tax Board for Vernetta and Robert Christian, for 1975, that they owe \$816.
- We received a notice from irs that Shirley Newell Edwards owes \$1382 for the year 1974.
- We also received a notice from irs that Shirley's husband Isaac, who is a nonmember, owes \$1361 for 1974.
- We also received a notice that irs has no record of income tax return filed by Shirley & Isaac Edwards for 1975.
- We received a notice from irs that Al and Mary Tschetter owe \$1448 for 1976.
- We received a notice from irs that Louise Shavers owes \$217 for 1975.
- We received a notice from irs that Alvaray Satterwhite owes \$372 for 1975.

We are holding these, and we have discussed the pros and cons of paying or not paying. Our inclination would be to pay, excluding Isaac Edwards who is nonmember; however, if the list continues to grow, the outlay of \$ is ridiculous. We would like for this to be discussed over there and see what your feelings are on it. Before we proceed to pay. What are the legal ramifications of not paying.

c. our corporations:

Apostolic Corporation - the 1976 tax was paid, \$178, after consultation with Bentzman. Annual Statement by Domestic corporation, required by the secretary of state, has not been filed per Ed's instructions - he anticipated winding up and dissolving this corporation. The corporation still exists, though it is not in operation; all the officers are over there.

*let Ed know forget it.*

*I am inclined to file the returns, listing the property but saying the IRS letters (like the IRS letters) our books were stolen in May of 1976 so we don't have the figures. Maybe it would be better to wait to do this till we have contact with Ed.*

Peoples Temple - no tax due because nonprofit. 1977 annual Statement by Domestic corporation filed. But, Form 998, which is required by Franchise Tax Board to be filed by churches, was never filed in 1974, 1975 and 1976. In August the FTB sent us a letter asking for this to be done. Ed did not want to file it because it requires itemizing property holdings and income from property. As far as I know, this has never been filed.

*but note all check 76 + 77 filed - should be done - Ed's check got into on this*

B-5-a(3)

c. our corporations, continued:

Action Equality, Inc. - 1976 information statement never filed. Franchise Tax Board sent us a notice 12/9, see attached.

Peoples Forum, Inc. - 1976 income tax form never filed. FTB sent us a letter giving us til 12/21 to respond. Mildred talked to Bentzman and he sent a letter delaying and getting a continuance for us.

~~Truth Enterprises, Inc. - have not received any tax inquiries. At one time Ed wanted us to do filing of fictitious name statement, F.T. dba Truth. It was never filed by him, the forms are still in the file. I dont know if this makes any difference or if it should be done now or if it is too late now.~~

*Both we not used  
either we dissolve  
then which costs less  
money or let the  
charters go for  
get suspended by tax -  
non payment of tax  
which does not cost  
money. we don't  
need any extensions.*

*Jish agrees!  
let it drop  
don't dissolve.*

*see 12/29 rpt, # 9.*

*B-5-a(4)*

TO CAROLYN LAYTON

~~cc Jean K...~~  
~~Terry...~~

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page 1

73-5-a(14)

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(See Law Office rept # 9,  
12/29/77)



STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
SACRAMENTO CA 95857



## OFFICIAL NOTICE

Date: 12/09/77

Income Year Ended: 12/31/76

SAN FRANCISCO ACTION EQUALITY, INC.

Corporate No: 7627450 SF5AE

P O BOX 15023  
SN FRANCISCO CA 94115

WE SENT YOU A NOTICE REQUESTING THAT AN INFORMATION STATEMENT OR RETURN BE FILED FOR THE INCOME YEAR SHOWN ABOVE. OUR RECORDS INDICATE THAT NEITHER HAS BEEN FILED. IF YOU DO NOT COMPLY, THE CORPORATION'S EXEMPT STATUS MAY BE REVOKED AND THE POWERS, RIGHTS, AND PRIVILEGES MAY BE SUSPENDED OR FORFEITED.

IF THIS ORGANIZATION IS A PRIVATE FOUNDATION, THIS REQUEST SERVES AS A NOTICE TO OFFICERS THAT FAILURE TO FILE A RETURN MAY RESULT IN THE IMPOSITION OF PERSONAL PENALTIES AGAINST THE OFFICERS.

EXEMPT SECTION  
TELEPHONE (800) 852-7050

FTB 5860-M (3-77)

B-5-a(18)