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STATE OF NEW YORK
STATE TAX COMMISSION

In the Matter of the Petition

of
LANDAM PRODUCTS CORPORATION, NAOMI R.
LANG, ADMINISTRATRIX, C.T.A. of the
ESTATE OF HENRY W. LANG :
For a Redetermination of a Deficiency or :
a Refund of Stock Transfer :
Taxes under Article(s) 12 of the :
Tax Law for the (Year(s)) :

AFFIDAVIT OF MAILING
OF NOTICE OF DECISION
BY (CERTIFIED) MAIL

State of New York
County of Albany

Linda Wilson, 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 19th day of January, 1972, she served the within
LANDAM PRODUCTS
Notice of Decision (or Determination) by (certified) mail upon CORP., NAOMI R. LANG,
ADMINISTRATRIX, C.T.A. of the ESTATE OF
HENRY W. LANG (representative of) the petitioner in the within
proceeding, by enclosing a true copy thereof in a securely sealed postpaid
Landam Products Corporation Naomi R. Lang,
wrapper addressed as follows: c/o Howard R. Dammond Administratrix of
390 West End Avenue AND the Estate of Henry
New York, New York W. Lang, 393 Central
Park West, N.Y., N.Y.
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 Post Office Department within the State of New York.

That deponent further says that the said addressee is the (representative
of) 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

19th day of January, 1972

Martha J. Farnsworth

Linda Wilson

STATE OF NEW YORK
STATE TAX COMMISSION

In the Matter of the Petition

of
LANDAM PRODUCTS CORPORATION, NAOMI: R.
LANG, ADMINISTRATRIX, C.T.A. of the
ESTATE OF HENRY W. LANG :
For a Redetermination of a Deficiency or :
a Refund of Stock Transfer :
Taxes under Article(s) 12 of the :
Tax Law for the (Year(s)) :

AFFIDAVIT OF MAILING
OF NOTICE OF DECISION
BY (CERTIFIED) MAIL

State of New York
County of Albany

Linda Wilson, 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 19th day of January, 1972, she served the within Notice of Decision (or Determination) by (certified) mail upon MORTIMER G. LEVINE, ESQ. (representative of) the petitioner in the within proceeding, by enclosing a true copy thereof in a securely sealed postpaid wrapper addressed as follows: Mortimer G. Levine, Esq.
50 Broadway
New York, New York

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 Post Office Department within the State of New York.

That deponent further says that the said addressee is the (representative of) 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

19th day of January, 1972.

Martha J. Davis

Linda Wilson



STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE

STATE TAX COMMISSION
HEARING UNIT

EDWARD ROOK
SECRETARY TO
COMMISSION

STATE TAX COMMISSION

NORMAN F. GALLMAN, PRESIDENT
A. BRUCE MANLEY
MILTON KOERNER

BUILDING 9, ROOM 214A

STATE CAMPUS
ALBANY, N. Y. 12227

AREA CODE 518
457-2655, 6, 7

ADDRESS YOUR REPLY TO

DATED: Albany, New York
January 19, 1972

Landam Products Corporation
c/o Howard R. Danvaond
390 West End Avenue
New York, New York

and

Naomi R. Lang, Administra-
trix, Estate of Henry W.
Lang
393 Central Park West,
New York, New York

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

of

Please take further notice that pursuant to section(s)
279-a of the Tax Law any proceeding
in court to review an adverse decision must be commenced
within **90 days** after the date of this notice.

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

Very truly yours,

Nigel G. Wright
Hearing Officer

cc Petitioner's Representative
Law Bureau

STATE OF NEW YORK

STATE TAX COMMISSION

In the Matter of the Application	:	
of	:	
LANDAM PRODUCTS CORPORATION, NAOMI R.	:	
LANG, ADMINISTRATRIX, C.T.A. of the	:	
ESTATE OF HENRY W. LANG	:	DETERMINATION
for a hearing to review a Determination	:	
of Stock Transfer Taxes due pursuant to	:	
Article 12 of the Tax Law.	:	

Landam Products Corporation and Naomi R. Lang, administratrix, C.T.A. of the estate of Henry W. Lang, having filed applications pursuant to section 279-a of the Tax Law for a hearing to review notices of determination dated July 9, 1968, of stock transfer taxes imposed by Article 12 of the Tax Law and a hearing having been duly held before Nigel G. Wright, Hearing Officer, with Mortimer G. Levine, Esq. appearing for the applicant, Edward H. Best, Esq. (Alexander Weiss, Esq., of Counsel). appearing for the Stock Transfer Bureau, and the record having been duly examined and considered,

The State Tax Commission hereby,

FINDS:

1. The primary issue in this case is the time of the incidence of the stock transfer tax imposed by section 270 of the Tax Law, and, consequently, the number of shares subject to tax when the par value of shares is changed after the exercise of an option to purchase the stock and before the final payment due under that option. A secondary issue is whether the transaction is exempt under section 270-b of the Tax Law as the value of the shares transferred is not greater than the amount of the tax assessed.

2. Landam Products Corporation was formed with authorized shares of 10 cents par value. Harry W. Lang and Howard R. Dammond were each 50% shareholders and each held 70,000 shares.

3. On April 29, 1957, Harry W. Lang and Howard R. Dammond entered into a shareholders agreement providing, among other things, that upon the death of a stockholder, the survivor should have the option to purchase the decedent's stock at book value (or for an agreed price) by notice to the administrator or executor within thirty days of appointment. Upon full payment for such stock, the decedent's estate would transfer such stock with Federal and State stock transfer stamps attached. One quarter of the purchase price would be due within ten days after the exercise of the option with the remainder provided for by notes at interest. The agreement provided for the right of prepayment on the part of the transferee and the right to accederate in case of default of the transferee. The transferor was to keep the certificates as security. Upon nonexercise of the option, all restrictions on the transfer of said stock would lapse including restrictions upon the inter vivos transfer of the stock. Upon default in payment of the note, the amounts already paid would be treated as liquidated damages.

4. Harry W. Lang died on December 18, 1966, Naomi Lang, his daughter, was qualified as administrator, C.T.A. on January 26, 1967. Mr. Dammond exercised the option by a letter dated February 2, 1967, to Naomi Lang. The purchase price was in cash and notes, the last of which was due December 18, 1969. The purchase price was based on a book value of 98 cents per share.

5. The certificate of incorporation was amended on April 2, 1968, to change the capital stock from 500,000 shares at 10 cents par value, to 500 shares at \$100.00 par value, a "reverse split." On

April 8, 1968, the 70,000 shares which had been owned by the decedent were exchanged for a new certificate of 70 shares.

6. Mr. Dammond prepaid the notes due to the estate and received the certificate for such shares on April 8, 1968. Such payment took place after the increase in par value of the shares and Mr. Dammond accepted a certificate for 70 new shares with stock transfer stamps in the sum of \$1.75 attached thereto.

7. The value of the shares transferred was \$686.00 The amount of stock transfer tax asserted by the department is \$875.00 less the \$1.75 already paid.

Upon the foregoing findings and all the evidence in the case
The State Tax Commission hereby,

DECIDES:

A. The tax is due on 70,000 shares of stock. The 1957 agreement was contingent and no tax is due thereon. A taxable agreement to sell came into being on February 2, 1968, when Mr. Dammond notified the estate that he was exercising his option under the 1957 agreement. This bound and committed the estate of Harry W. Lang to sell such stock as it possessed and was in no way contingent. Under the capitalization of the firm, at that time, the estate held 70,000 shares. The subsequent change in number of shares issued has no effect on the tax due.

B. Section 270-b of the Tax Law does not apply to exempt the transfer as the transfer was not from an executor or administrator to a legatee, heir or distributee.

C. The determination of tax dated July 9, 1968, is affirmed in the amount of \$875.00 less \$1.75 already paid for a net amount of \$873.25.

DATED: Albany, New York

January 19, 1972

STATE TAX COMMISSION

Norman Salzman
COMMISSIONER

Bruce W. Wexley
COMMISSIONER

Milton Kravner
COMMISSIONER