

MEMORANDUM

TO : Mr. Edward D. Book  
Secretary, State Tax Commission

FROM :

SUBJECT: Scott Wine & Liquors, Inc.  
SN-27903

Scott Wine & Liquors, Inc. and  
Paul Steinberg, Individually and  
as Officer Thereof  
SN-26323

I enclose a memorandum of Mr. Boris Honig, dated April 7, 1970, together with original letters of Mr. Paul D. Steinberg, dated March 19, 1970 and April 7, 1970.

Based on the information submitted, and Mr. Honig's recommendation, the request for a deferred payment agreement appears to be reasonable, and I therefore refer such request to the State Tax Commission for final determination in accordance with the directive of Commissioner Gallman, dated October 21, 1969 (File No. E-37).

*Paul Newman*

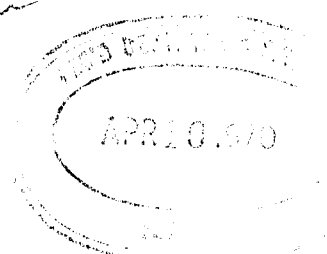
PAUL NEWMAN  
New York  
District Tax Supervisor

PN/sc

Encs.

April 9, 1970

*Handwritten notes:*  
Reviewed 2/2/70  
Reviewed 8/31/70  
ABM only  
Reviewed 9/4/70  
Reviewed 9/4/70



# MEMORANDUM

TO: Commissioner Paul Newman

FROM: B. Honig

April 7, 1970

SUBJECT: Scott Wine & Liquors, Inc.  
SN-27903

Scott Wine & Liquors, Inc. and  
Paul Steinberg, Individually and  
as Officer Thereof  
SN-26323

Taxpayer is indebted to us in the sum of \$14,792.97 with additional interest to accrue from April 20, 1970 as follows:

	<u>Period Ending</u>	<u>Tax</u>	<u>P &amp; I</u>	<u>Total</u>
SN-26323	11/30/65-11/30/68	\$14041.60	\$2877.52	\$16,919.12
	Cancelled	2272.53	383.97	2,656.50
		<u>\$11769.07</u>	<u>\$2493.55</u>	<u>\$14,262.62</u>
	Paid on Account	3500.00	---	3,500.00
		<u>\$ 8269.07</u>	<u>\$2493.55</u>	<u>\$10,762.62</u>
	Add. Int. to 4/20/70	--	1142.30	1,142.30
		<u>\$ 8269.07</u>	<u>\$3635.85</u>	<u>\$11,904.92</u>
SN-27903	2/28/69	2468.30	419.75	2,888.05
		<u>\$10737.37</u>	<u>\$4055.60</u>	<u>\$14,792.97</u>

A request was made for the liquidation of the aforementioned liability as set forth in letter dated March 19, 1970. Prior thereto a financial statement was submitted. A photocopy of each of the above is attached; also of letter dated April 7, 1970.

Taxpayer states that he proposes to liquidate his Sales Tax Liability in 24 months based upon an estimated liability of \$14,750. Actually, his liability, including additional interest will be about \$15800. which will increase his deferred payment period to 26 months. Since it will take more than 18 months Commission's approval is required. Pending the determination by the State Tax Commission, taxpayer has been making payments of \$500.00 each.

In view of all of the facts in this case, I recommend that favorable consideration be given to taxpayer's request.

If in agreement, will you kindly refer this to the State Tax Commission in accordance with the provisions of memorandum E-37.

*B. Honig*  
Chief Tax Collector

BH:lw  
att.

Scotts Wines and Liquors, Inc.  
1518 Amsterdam Avenue  
New York City, New York

April 7, 1970

New York State Sales Tax Bureau  
Warrant and Collection Section  
250 Broadway  
New York City, New York

Attn: Mr. Boris Honig

Dear Mr. Honig:

In our letter dated March 19, 1970, we omitted to state that in the event of a default in the filing of current and subsequent sales tax returns with payment, the State Tax Commission may void this agreement.

Very truly yours,

*Paul D. Steinberg*

Paul D. Steinberg, President  
Scotts Wines and Liquors, Inc.

PDS:kw

RECEIVED

APR 7 1970

IN OFFICE OF  
CHIEF TAX COLLECTOR  
WARRANT & COLLECTION  
NEW YORK CITY

Scotts Wines and Liquors, Inc.  
1518 Amsterdam Avenue  
New York City, New York

March 19, 1970

New York State Sales Tax Bureau  
Warrant and Collection Section  
250 Broadway  
New York City, New York

Attn: Mr. Honig:

Application is hereby made for 24 months in which to pay the balance of sales taxes due New York State totalling \$13,230.92 plus interest which will accrue until the tax is paid in full.

This tax covers the period of March 1, 1966 to February 28, 1969. This amount remains unpaid to this date not because of an attempt to avoid paying sales tax but due to an embezzlement of in excess of \$35,000.00 from the corporation by the manager. In addition to the loss suffered by the corporation, the family of the officer involved suffered an additional loss of \$100,000.00 to this same embezzler. The embezzler misappropriated the store funds, forged over 42 checks, carried on other devious acts to the detriment of the corporation and to the president individually. The president executed tax returns and checks in the favor of the taxing authorities and the embezzler either never mailed the checks or modified the face and forged the back to collect the dollars himself and the president was unaware of the fact that the sales tax payments were not being made. In the event that notices of the default were sent to the store, the manager destroyed these and the president had no knowledge of his activities. The embezzlement of these monies took place over a period of time from 1966 to 1968. Criminal proceedings are taking place against this individual and the matter has been turned over to the New York District Attorney's office.

A judgement search disclosed the fact that over a million and a half dollars were embezzled by this same individual, one Mr. Morton Carlin, and he has also served time in the penitentiary for similar acts in the past.

We propose to pay the sales tax as follows:

Continued: -----

Scotts Wines and Liquors, Inc.  
1518 Amsterdam Avenue  
New York City, New York

New York State Sales Tax Bureau  
Attn: Mr. Honig

Page 2

March 19, 1970

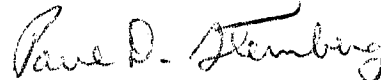
<u>Month</u>	<u>Per Month</u>	<u>Total</u>
April 1970 to August 1970	\$500.00	\$ 2,500.00
Sept. 1970 thru Dec. 1970	\$750.00	\$ 3,000.00
Jan. 1971 thru Aug. 1971	\$500.00	\$ 4,000.00
Sept. 1971 thru Dec. 1971	\$750.00	\$ 3,000.00
Jan. 1972 thru March 1972	\$750.00	\$ 2,250.00

Total Sales Tax plus Estimated Interest to Accrue      \$14,750.00

By increasing our monthly payments by 50% in the busy months of our business, we have managed to cut the time needed to pay off this amount by eight months. All current sales and Federal and State payroll taxes returns have been filed and the tax paid thereon. All subsequent sales tax returns will be filed with your office on time with certified checks attached with the tax due.

Based upon the aforementioned facts, a tremendous personal loss has been suffered by myself as president of the corporation, it is hoped that you can give us the time requested so that we can pay the sales tax to New York State without suffering further hardship. Obviously, we have no intention of avoiding any taxes and will file all future sales tax returns with the Collection and Warrant section at the request of Mr. Honig with certified checks.

Very truly yours,



Paul D. Steinberg, President  
Scotts Wines and Liquors, Inc.

PDS:kw

SCOTT WINES & LIQUORS INC.

FINANCIAL REPORT

OCTOBER 31, 1969

RECEIVED  
Nov 26  
1969  
IN OFFICE OF  
CHIEF TAX COLLECTION  
WARRANT & COLLECTION SECTION  
NEW YORK DISTRICT OFFICE

MARVIN GOLDKING  
CERTIFIED PUBLIC ACCOUNTANT

MARVIN GOLDRING  
CERTIFIED PUBLIC ACCOUNTANT  
200 LINCOLN AVENUE  
EASTCHESTER, N. Y. 10707  
—  
914 660-1100

November 24, 1969

Mr. Paul Steinberg, President  
Scott Wine & Liquors Inc.  
1518 Amsterdam Avenue  
New York, New York

Dear Sir:

I have analyzed the transactions of your company from February 1, 1969 - October 31, 1969 and submit herewith the following Exhibits:

Exhibit A - Balance Sheet at October 31, 1969

Exhibit B - Statement of Income and Expenses for the period February 1, 1969 - October 31, 1969

These statements were prepared from the books and records of the company with no communication with outside debtors or creditors and are, therefore, rendered without an opinion.

Respectfully submitted,

*Marvin Goldring*

Marvin Goldring,  
Certified Public Accountant

Scott Jones & Brothers Inc.  
Balance Sheet  
October 31, 1969

ASSETS

Current Assets

Cash in Bank and on Hand	\$ 1,250.02	
Sundry Receivable	196.57	
Inventory	13,500.00	
Prepaid Expenses	270.00	
<u>TOTAL CURRENT ASSETS</u>		\$15,216.59

Fixed Assets

Furniture, Fixtures and Improvements	25,267.94	
Less: Accumulated Depreciation (to 1/31/69)	<u>10,033.51</u>	
<u>BOOK VALUE - FIXED ASSETS</u>		15,234.43

Other Assets

Goodwill	25,000.00	
Restrictive Covenant	5,000.00	
Organization Expenses	524.10	
Deferred Expenses	7,676.43	
Security Deposits	<u>370.00</u>	
<u>Total Other Assets</u>		38,570.53
<u>TOTAL ASSETS</u>		<u>889,021.55</u>

LIABILITIES

Current Liabilities

Accounts Payable - Trade	\$ 1,514.00	
Accrued Expenses	1,145.00	
Payroll Taxes Payable	2,527.36	
Sales Tax Payable	14,730.92	
Loan Payable -Milrose Wine & Liquor-Current	3,150.00	
Loan Payable - Bank	<u>7,500.00</u>	
<u>TOTAL CURRENT LIABILITIES</u>		\$ 28,567.28

Long Term Liabilities

Loan Payable-Milrose- Non-current	8,085.00	
Loan Payable - Officers	<u>36,319.81</u>	
<u>TOTAL LONG TERM LIABILITIES</u>		44,404.81
<u>TOTAL LIABILITIES</u>		<u>874,972.09</u>

STOCKHOLDERS EQUITY

Capital Stock	\$15,000.00	
Deficit - February 1, 1969	(23,706.85)	
Less: Profit for Period (Exhibit B)	<u>2,756.31</u>	
Deficit - October 31, 1969		(20,950.54)

<u>EXCESS OF LIABILITIES OVER ASSETS</u>		<u>\$ 5,950.54</u>
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MARVIN GOLDRING  
CERTIFIED PUBLIC ACCOUNTANT



EXHIBIT B

Scott Wines & Liquors Inc.  
Statement of Income and Expenses  
For the Period February 1, 1969 - October 31, 1969

SALES - NET

\$105,278.10

Cost of Sales

Inventory - Beginning  
Purchases - Net

\$18,250.00  
79,910.66  
98,160.66  
13,500.00

Less: Inventory - End

Cost of Sales

GROSS PROFIT

84,660.66  
\$ 20,617.44

Operating Expenses

Wages - Store Clerks  
Payroll Taxes  
Other Taxes  
Licenses and Permits  
Rent  
Telephone  
Light & Power  
Professional Fees  
Insurance  
Interest and Bank charges  
Maintenance and Repairs  
Supplies  
Sundry

10,728.00  
632.48  
109.33  
807.00  
1,890.00  
249.67  
477.46  
1,205.00  
315.21  
837.10  
254.74  
296.40  
58.74

TOTAL OPERATING EXPENSES

17,862.13

NET PROFIT FOR PERIOD (WITHOUT DEPRECIATION)

\$ 2,755.31

MARVIN GOLDRING  
CERTIFIED PUBLIC ACCOUNTANT

State Tax Commission

Edward Rock

Scott Wine & Liquors, Inc.

Would you please indicate acceptance or rejection on  
Mr. Newman's memorandum.

Secretary to the State Tax Commission

August 18, 1970

State Tax Commission

Board of Taxation

Section 100-1, Chapter 100

Notice of Hearing on Petition for Review

of the Board of Taxation

State Tax Commission

June 10, 1940

MEMORANDUM

TO : Mr. Edward D. Rook  
Secretary, State Tax Commission

FROM :

SUBJECT: Scott Wine & Liquors, Inc.  
SN-27903

Scott Wine & Liquors, Inc. and  
Paul Steinberg, Individually and  
as Officer Thereof  
SN-26323

On April 9, 1970, I forwarded to you the request  
for a deferred payment agreement made by Scott  
Wine & Liquors, Inc., for referral to the State  
Tax Commission.

Please advise as to its present status.



PAUL NEWMAN  
New York  
District Tax Supervisor

PN/sc

July 16, 1970

*Memo to Tax Comm  
I advise acceptance  
or rejection on the  
Newman's memo*