

BUREAU OF LAW

MEMORANDUM

Sales Tax Data

TO: Commissioners Gallman, Manley and Koerner

FROM: E. H. Best, Counsel

SUBJECT: Fuller Products Company
Arrangement No. 68B3259
Northern District of Illinois
Eastern Division

Submitted herewith are the files of this office in connection with claims for sales and withholding taxes in the amounts of \$109,459.50 and \$5,278.37, respectively, filed in the proceeding of the above named debtor under Chapter 11 of the Bankruptcy Act.

The debtor filed its petition on September 19, 1969 and has now submitted a proposed plan, a copy of which is included in the files.

Under the provisions of the plan, creditors of Class 3, which are those entitled to priority, are to be paid in full upon confirmation unless any creditor consents to a deferment and stipulates with the debtor for installment payments of its claim.

In the letter of December 26, 1969 from the attorneys for the debtor it is indicated that there are three priority claims of other taxing authorities, the Internal Revenue Service, the City of New York and the State of Illinois which have claims filed in the amounts of \$100,782.23, \$118,424.37 and \$88,671.73, respectively, in addition, of course, to the claims of this Department. These total over \$420,000.

Since the debtor has deposited and will have available for payments upon confirmation only the sum of \$225,000, it has proposed that the tax creditors make agreements for installment payments of their claims in order that the court can confirm the proposed plan.

Copies of stipulations made by the debtor with the Internal Revenue Service and the City of New York are enclosed and provide for a payment of \$20,000 upon confirmation on the Federal claim with the balance to be paid in monthly installments of \$1,500 until paid in full and a payment of \$24,000 upon confirmation to the City of New York with the balance to be paid in monthly installments of \$1,600 until paid in full.

The debtor has informed this office that the withholding tax claim is to be paid in full upon confirmation and proposes that the Department enter into a stipulation for payment of the sales taxes, similar to the others, under which the sum of \$26,000 will be paid upon confirmation with the balance to be payable in equal monthly installments.

The terms of the stipulation, which this office recommends be approved, will provide for 53 payments of \$1,545.55 monthly and a 54th and final payment of \$1,545.35.

Since the payment period will extend beyond 18 months, approval of the State Tax Commission is required (E-37). In view of acceptance of the proposal by the other taxing authorities, and the possible alternative of bankruptcy, it is recommended the State Tax Commission approve the stipulation proposed.

Please return the files to this office for further action.

/s/ E. H. Best

Counsel

WM:dd

March 10, 1970
Enclosure

Approved - /s/ Milton Koerner - 3/12/70
 /s/ A. B. Manley - 3/19/70
 /s/ Norman Gallman - 3/24/70