

BUREAU OF LAW

MEMORANDUM

Handwritten: Amended
Return, J. C. Dillon

TO: Commissioners Gallman, Manley and Koerner

FROM: E. H. Best, Counsel

SUBJECT: J. C. Dillon Company, Inc.
Arrangement No. 68-B-875
U. S. District Court
Southern District of New York

Submitted herewith are the files of this office in connection with claims for sales and withholding taxes in the amounts of \$24,668.31 and \$20,918.27, respectively, filed in the proceeding of the above named debtor under Chapter 11 of the Bankruptcy Act.

The debtor filed its petition on October 24, 1968 and has submitted a proposed plan for confirmation by the Court.

Under the provisions of the plan, priority tax creditors 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.

Since the debtor will not have available upon confirmation the full amount due tax creditors, consisting of the Internal Revenue Service, which has a claim in the amount of \$77,692.30, and this Department, whose claims total \$45,586.58, it has proposed an agreement for installment payments of the claims in order that the Court can confirm the proposed plan.

A stipulation has been made by the debtor with the Internal Revenue Service, a copy of which is included in the file. The debtor proposes that the State Tax Commission enter into a similar stipulation for payment of its total claim on a deferred basis.

The Federal agreement provides for a payment upon confirmation of almost 24%, or \$18,500, with the balance to be paid in monthly installments commencing one month after confirmation at the rate of \$2,250 per month until the balance is paid in full.

The terms of the stipulation proposed for payment of the Department's total claim will provide for a payment of \$10,621.71 on confirmation with 26 equal monthly payments thereafter commencing one month after confirmation in the amount of \$1,297.70 and a 27th and final payment in the amount of \$1,224.67.

Since the payment period will extend beyond 18 months, approval of the State Tax Commission is required (E-37). In view of the acceptance of the proposal by the Director of the Internal Revenue Service 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.

Counsel

MK:dd
October 14, 1970
Enclosure

*Approved
Milton Korman 10/20/70
approved
Norman Gallman 10/26/70*