

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA FILED

TAX DIVISION

APR 17 1973

Superior Court of the
District of Columbia
Tax Division

THE RIGGS NATIONAL BANK OF)
WASHINGTON, D. C., Executor)
of the Estate of LULIE DICKSON,)
Petitioner,)

v.)

Docket No. 2188

DISTRICT OF COLUMBIA,)
Respondent.)

FINDINGS OF FACT AND OPINION

There was assessed against the Petitioner, as executor of the Estate of Lulie Dickson, inheritance taxes and interest with respect to the entire value of certain real estate and savings accounts held in the name of Lulie Dickson and claimed by the Respondent to have passed to Lulie Dickson's beneficiaries. One-half (1/2) of the value of said real estate and savings accounts had been included in the estate of Lulie Dickson.

Petitioner appeals from the assessment on the ground that although said real estate and savings accounts were held in Lulie Dickson's name, such assets were, in fact, owned by a partnership in which Lulie Dickson had only a one-half (1/2) interest and that only the transfer of Lulie Dickson's one-half (1/2) partnership interest was properly taxable.

Findings of Fact

1. The Riggs National Bank of Washington, D. C. (sometimes hereinafter referred to as "Executor" or "Petitioner") is the duly appointed, qualified and acting executor under the laws of the District of Columbia of the Estate of Lulie Dickson (sometimes hereinafter referred to as "Decedent").

2. Decedent was domiciled in the District of Columbia at the time of her death on March 23, 1970.

3. The Petitioner's address is 800-17th Street, N. W., Washington, D. C.

4. The Federal Estate Tax Return for the Decedent was duly filed within the time prescribed by law with the District Director of Internal Revenue at Baltimore, Maryland.

5. The D. C. Inheritance Tax Return for the Decedent was duly filed within the time prescribed by law with the Department of Finance and Revenue for the District of Columbia government.

6. The Decedent and her brother, Waverly W. Dickson (sometimes hereinafter referred to as "Waverly") formed a partnership (sometimes hereinafter referred to as "Partnership") in 1935 which operated until August 1, 1962, under the trade name of Friden Calculator Sales Agency.

7. On August 1, 1962, Partnership's franchise agreement with the Friden Company was cancelled.

8. After the cancellation of its franchise agreement with the Friden Company, Partnership continued to operate but did so under a new trade name -- Dickson Company.

9. Decedent and Waverly reduced their partnership agreement in writing in 1943.

10. The Partnership agreement between the Decedent and Waverly provided, inter alia, that all partnership assets and profits were to be divided equally. An exception was provided by the Partnership agreement in the event the Decedent's and Waverly's capital accounts became unequal. The foregoing exception was waived and

never followed, and profits and losses were divided equally although the Decedent's and Waverly's capital accounts did in fact become unequal.

11. After the termination of Partnership's franchise agreement with the Friden Company, there was no change in the partnership relationship between Waverly and Decedent.

12. Partnership purchased with Partnership funds at different times prior to 1960 four parcels of land located at 1718-1726 Wisconsin Avenue, N. W., Washington, D. C.

13. Record title to said four parcels of land was taken in the names of Waverly W. Dickson and Lulie Dickson as joint tenants.

14. Eventually Partnership erected with Partnership funds three buildings on the four parcels of land.

15. The aforementioned four parcels of land and three buildings (which land and buildings shall hereinafter be collectively referred to as "Wisconsin Realty") constituted Partnership property and were so carried on the books and records of the Partnership.

16. At the time of Decedent's death there were three savings accounts totaling eleven thousand, thirty-six dollars and sixty-five cents (\$11,036.65), which three accounts also constituted Partnership property and were so carried on the books and records of the Partnership.

17. The three savings accounts (hereinafter collectively referred to as "Savings Accounts") were on deposit at the time of Decedent's death with the following institutions in the following amounts:

The Riggs National Bank Account No. 02-292-414	\$ 3,886.83
Prudential Building Association Account No. 21297	3,467.64
Home Federal Savings & Loan Association Account No. 13792	<u>3,682.18</u>
	\$11,036.65

18. The Savings Accounts were on deposit in the names of Waverly W. Dickson and Lulie Dickson as joint tenants.
19. In 1963 Partnership leased for a period of ten (10) years the Wisconsin Realty to the Friden Company.
20. Rentals derived from the aforementioned lease agreement and interest earned on the Savings Accounts were reported by the Partnership to the Federal Government as partnership income and to the District of Columbia Treasurer as income from an unincorporated business.
21. Both the Federal Estate Tax Return and the District of Columbia Inheritance Tax Return filed for Decedent's estate reflected the Wisconsin Realty and the Savings Accounts as assets of the Partnership.
22. Both the Federal Estate Tax Return and the District of Columbia Inheritance Tax Return filed for the estate of Waverly (who died on May 22, 1972) reflected the Wisconsin Realty and the Savings Accounts as assets of the Partnership.
23. When Waverly's estate was probated, the realty and Savings Accounts were treated as Partnership's assets.
24. When Decedent's estate was probated, the realty and Savings Accounts were treated as Partnership's assets.

25. For purposes of both the Federal Estate Tax Return and the District of Columbia Inheritance Tax Return filed for the Decedent's estate, one-half of the value of the partnership assets, including the Wisconsin Realty and the Savings Accounts, was included in the Decedent's estate. The District of Columbia subsequently disapproved of the valuation.

26. In a letter dated April 4, 1972, Petitioner was advised by the District of Columbia that the District of Columbia Inheritance Tax Return for the Decedent's estate was adjusted to include the entire value of the Wisconsin Realty and the Savings Accounts.

27. Notices of additional tax assessments by the District of Columbia were enclosed in the April 4 letter.

28. The additional tax assessments were paid under protest on May 17, 1972, and an additional payment of interest was made on May 22, 1972.

29. The amount in controversy is the District of Columbia inheritance tax and interest assessed in the following amounts with respect to the transfer of property to the following beneficiaries:

<u>Beneficiary</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
Anne Dickson Ravenel	\$ 3,375.05	\$ 135.00	\$ 3,510.05
Margaret Marsh	3,375.05	135.00	3,510.05
Beverly Spitzer	<u>3,375.05</u>	<u>135.00</u>	<u>3,510.05</u>
	<u>\$10,125.15</u>	<u>\$ 405.00</u>	<u>\$10,530.15</u>

30. This proceeding was filed on September 19, 1972.