

No date (mailed Feb. 25, 1953
7:30 PM from Austin
Texas)

Dear Lyndon -

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The rumor the Houston Press apparently has is to the effect that I had to amend several prior years returns and pay several thousand additional tax. As for amended returns I find I did file one May 14 '51 because I found I had omitted \$42.75 income received from the Army for one weekend of reserve training during 1950. I paid \$7.28 additional tax with that amended return.

For the last 7 or 8 years I've had a C.P.A., my next door neighbor, Forrest Nelson, prepare my returns so I believed them to be all right.

When an agent was assigned to completely check my 48, 49 & 50 returns I felt very confident they would be in order. I didn't reckon on the interpretation the Bureau had placed on some expenses of public officials so some of the dues -- Postmaster organizations - Lions Club - Chamber of Commerce - Austin Area Economic Foundation etc I had deducted were disallowed. Tax deficiency for these items for 1948 was \$83.74 and for 1950 - \$63.72. Like disallowance on these items were about the same for 1949 -- but the total deficiency for 49 was \$578.44. That's the year I split my breeches and had a lapse or relapse or something.

I sold Bill Deason my KVET stock in Jan. 49 -- not too much down and notes on the balance. When March 1950 filing time came around I just forgot to tell my accountant anything about the \$2200.00 taxable gain on that sale.

When the Revenue Agent called my attention to that stock transaction I was really surprised of my failure to report it. I even thought at the time I might have reported it on 1947 return since that was the year I left KVET -- but it wasn't.

Anyway I quickly agreed to the Agents report and paid immediately the \$725.90 tax plus interest. No amended returns were filed and a full report went on up to the Bureau.

The attached admonition from the Commissioner closed the story except for Scripps Howard I guess.

I guess Senator Williams would like to have the rest of my life's story. He's welcome. He's asking the Bureau about this I understand.

Thanks for listening. You'll recall I told you about this before without the figures.

I'll always remember this oversight and taxpayers in South Texas will have a sympathetic ear when they say they overlooked such things in relative amounts as this.

My best always.

/s/ BOB

U. S. TREASURY DEPARTMENT
WASHINGTON 25

January 2, 1953

Mr. Robert L. Phinney
Director of Internal Revenue
Court House Building
200 West 8th Street
Austin, Texas

Dear Mr. Phinney:

This office has carefully reviewed the customary reports made by investigative officers of this Bureau covering an investigation of your character and of the income tax returns you filed for recent years. The United States Civil Service Commission also conducted its required qualifications investigation of you prior to your appointment and approved you for the position of Director. Both these investigations resulted in an exceptionally favorable character report.

The investigation of your income tax returns by a Bureau examining officers disclosed the omission of a stock transaction resulting in a substantial taxable profit for the year 1949, which omission you assert was inadvertent and the result of an oversight. Adjustment of your reported net income for the year 1949 to reflect the taxable profit on the transaction has been made and the additional tax resulting therefrom has been paid. In view of the favorable character report, your recognized ability, and all the other necessary qualifications which prompted approval of your assignment to your present position, your statement that your failure to report certain income was due to an oversight will be accepted. You are admonished, however, to give more careful attention to your income tax returns in the future and any failure to so do will be the subject of further action on the part of the Bureau.

Very truly yours,

/s/ JOHN S. GRAHAM
Acting Commissioner

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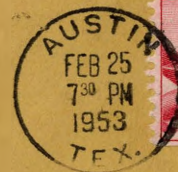
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/s/ JOHN S. GRAHAM
Acting Commissioner

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Bob Phinney
1907 Exposition
Austin, Tex.



Miss MARY Rather
90 Senator Lyndon B. Johnson
231 Senate Office Bldg
Washington 25, D.C.

Hello Mary -

Charlie tells me you
are prettier than ever.

Please give this to
the Senator for me,
Any correspondence to
me on such matters
should be addressed to
my residence -

1907 Exposition Bldg.

Thank you
Love
Joe

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(Signed) John S. Graham
Acting Commissioner

C O P Y