

Vol. 4

The United States Senate

Report of Proceedings

Hearing held before

Subcommittee of the Committee on Finance

NOMINATION OF PAUL R. LEAKE

February 5, 1940

Washington, D. C.

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WARD & PAUL

OFFICIAL REPORTERS

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NOMINATION OF PAUL R. LEAKE

Paul R. Leake, of Woodland, California, to be collector of customs for customs collection district numbered 28, with headquarters at San Francisco, California, in place of Charles O. Dunbar, deceased.

(Mr. Leake is now serving under temporary commission issued during the recess of the Senate.)

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Monday, February 5, 1940.

United States Senate,
Subcommittee of the Committee on Finance,
Washington, D. C.

The Subcommittee met, pursuant to call, at 10:30 o'clock a.m., in Room 312, Senate Office Building, Senator Josiah W. Bailey, presiding.

Present: Senators Josiah W. Bailey (Chairman), Edwin C. Johnson, (Colorado), and John G. Townsend, Jr.

Also Present: Arthur C. Huston, Democrat Bldg., Woodland, Calif., representing Mr. Leake.

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Senator Bailey: The Committee will come to order. Mr. Leake, are you ready to proceed?

Mr. Leake: Yes, Senator Bailey.

Senator Bailey: I understand, Mr. Leake, your counsel is present. Will you introduce your counsel, please?

Mr. Leake: May I present my counsel, Mr. Arthur C. Huston of Woodland, California.

Senator Bailey: I received a letter from Senator Downey dated February 5, addressed to myself as chairman, which states as follows:

"UNITED STATES SENATE

Committee on Military Affairs

February 5, 1940

Hon. Josiah W. Bailey, Chairman
Sub-Committee on Finance
United States Senate
Washington, D. C.

Dear Senator Bailey:

I am compelled to report that I have developed an attack of flu which will probably keep me in bed for a few days, and I will not, therefore, be able to attend the Leake Hearing this morning. While, of course, I would ordinarily appreciate a continuance until I could personally attend, I think it would be unfair for me to ask for a delay, because when I saw Mr. Huston, Mr. Leake's attorney, yesterday, he told me it was vitally necessary for him to return to

California immediately.

It is, therefore, satisfactory to me that the Hearing proceed in my absence, but I desire to request of the Committee the following procedure:

1. That Mr. Leake be placed under oath before testifying.
2. That the income tax statements of Mr. Leake be secured and submitted to the Committee for the years in issue.
3. That if Mr. Leake desires to return to California before I can further question him, I shall have the privilege of submitting to him in California, written interrogatories which it shall be his duty to answer and return to the Committee.

Sincerely,

/s/ Sheridan Downey
per MR
SHERIDAN DOWNEY*

Now is it your desire to go ahead?

Mr. Huston: Yes, Senator, we are very much desirous of going ahead. Of course it is very much of a handicap for us to proceed here without the junior Senator from California being present, because we would like to have him develop the opposition as we go along.

Senator Bailey: He has developed it heretofore. His case is pretty well developed.

Senator Townsend: I think the Committee is going ahead

for your convenience, Counsel. If it would be more convenient for you to defer it, we would be glad to defer it.

Mr. Huston: We certainly would not want to defer it, gentlemen. I have had a pretty sudden call to come here and I would like to return.

Senator Bailey: When do you have to return?

Mr. Huston: I should like to be back by the 11th.

Senator Bailey: You can fly back in a few minutes, can you not?

Mr. Huston: Not with my wife's consent.

Senator Bailey: Well now, I think we might as well undertake to proceed. Senator Downey, of course, is not insisting that we go ahead.

Mr. Huston: I am willing to go ahead and present the material that we have, but of course if Senator Downey should subsequently develop something of which we have not been advised, then of course we want to arrange in some way to respond.

Senator Johnson (Colorado): Is there anything else that you know of that he could develop?

Mr. Huston: I do not know of anything, but of course I cannot tell how many more letters he received from mysterious parties.

Senator Bailey: Your difficulty is this: you put on your defense this morning and Mr. Downey comes in and attacks

that in your absence. We will have to hear Senator Downey, of course.

Mr. Huston: I understand that. My suggestion is, after Senator Downey has made his attack that we can procure a transcript and then determine whether we want to submit something in rebuttal. We are perfectly willing to go ahead as far as we can.

Senator Bailey: You can go ahead today, and you can certainly be here tomorrow, can you not?

Mr. Huston: Yes. Does he indicate how long he may be indisposed?

Senator Bailey: We cannot tell. He has the flu. What does the Committee say about going ahead?

Senator Townsend: I am perfectly willing to do whatever you say, whichever is the most convenient.

Senator Johnson (Colorado): I would say go ahead, if the witness wants to go ahead.

Senator Bailey: All right, we will go ahead. I have a letter here from Mr. Buck, a member of the House from California. It is dated February 5, and is addressed to myself. He states:

"My dear Senator:

"Attendance at the meeting today of the Democratic National Committee, to which I hold a proxy of one of the members, will unfortunately prevent my being present at the

hearing on the nomination of Paul R. Leake as Collector of Customs at San Francisco, California. I am advising you of this fact so that by no possibility can my absence be construed as evincing any decrease in my interest in Mr. Leake and his confirmation.

"I particularly regret my inability to be present, because I desired to present to you personally Mr. Arthur C. Houston of Woodland, California, one of our really distinguished members of the Bar, who will represent Mr. Leake before you. I am sure you will find him very conversant with all of the many details of the case, and I am satisfied he will have the answer to the charge of fraud which has been made against Mr. Leake.

"With kindest personal regards, I am

"Sincerely yours,

/s/ FRANK H. BUCK"

Now, Mr. Huston, before you proceed, this case, I think, can be stated as follows: Senator Downey has objected to the confirmation of the appointment of Mr. Leake on two grounds, first, personal obnoxiousness which relates to the courtesy of the Senate rather than to any matter of right; second, on the ground that he falsely and fraudulently concealed his tax liability in Yolo County and in the State of California.

On the first accusation, the personal obnoxiousness, there are two counts, (1) that the appointment was made by

the President of the United States out of resentment and for the purpose of disciplining the Senator because of certain voting; (2) on the ground that a certain editorial typical of many others reflected severely upon Senator Downey during the campaign not for the Senate but the Congress, and that editorial showed that Mr. Leake had a severe, a very objectionable personal antipathy to Senator Downey"

2 As to the tax liability, that goes not to the courtesy of the Senate but to the qualifications, and not to the qualifications as an officer but to his moral qualifications. The allegation there is that he fraudulently concealed his tax liability. Now that seems to me to be the situation before us.

Mr. Huston: I gathered the same impression from reading the record.

Senator Bailey: You may proceed. If you have a different view we are here to receive whatever you have to say. I made the statement in order that we might abbreviate this matter as much as possible.

Mr. Huston: As far as the personal obnoxiousness is concerned, that is outside of my sphere and I have nothing to offer on that. Senator Downey's statement here, as you have just given it, is that Mr. Leake, with fraudulent intent, claimed an exemption under the Soldiers and Sailors Constitutional Act in California, and sometime during the

hearing I want to call your attention to this constitutional amendment and to some decisions of our State Court construing some of the features of it.

I may add this generally, the only question of taxation involved in that amendment is the right to an exemption of \$1000. If the exemption is not denied, of course the saving to the tax payer would amount to but a few dollars per year, and it is because of the small amount involved that, so far as my research goes, this constitutional amendment has only been before our court twice, although the original amendment was adopted way back in 1911, and has been amended from time to time to enlarge the scope of the persons who are supposed to have its benefits.

I gather this impression from the record, that Senator Downey has introduced in evidence here a telegram containing a reference to the property distributed to Mr. Leake by the decree of distribution of his father's estate in November, 1927. The amount in that telegram is substantially correct except as to the amount of cash on hand of \$63,000. There were three \$1000 bequests to his grandchildren which would reduce the net distributive cash, one-fourth of which went to Mr. Leake, one-fourth to his brother and one-half to his mother.

The next bit of evidence bearing upon his financial condition --

Senator Bailey: (Interposing) Before you go any further, are you taking the view that there is no interest vested in Mr. Leake under his father's will until the estate was settled?

Mr. Huston: Until the decree of distribution was entered by the court.

Senator Bailey: When was that?

Mr. Huston: That was November, 1927. I have a certified copy of it.

Senator Bailey: Then you will agree that there was a vested interest as of that date?

Mr. Huston: As of that date, and in that amount.

Senator Bailey: November, 1927?

Mr. Huston: November, 1927.

Senator Johnson (Colorado): What is the amount?

Mr. Huston: I would say Mr. Leake's share of the cash on hand was approximately \$15,000. In addition to that he received one-fourth interest on the building in which the plant is located.

Senator Bailey: This is the newspaper now?

Mr. Huston: Yes, and the printing plant itself was owned by a corporation known as the Ed. E. Leake Publishing Company. That property was represented by some 297 shares of stock, of which one-third was distributed to Mr. Leake, one-third to Mrs. Leake and one-third to the brother, Edward

I. Leake.

Senator Townsend: When was that distributed?

Mr. Huston: November, 1927; the estate was closed in November, 1927.

Senator Bailey: That is the newspaper publishing company?

Mr. Huston: Yes.

Senator Bailey: What was the capital stock?

Mr. Huston: As I recall, the capital stock was \$30,000.

Senator Bailey: What was the circulation of the newspaper?

Mr. Huston: That I could not tell you. It was not much. At that time it was much less than it was subsequently. Have you any idea, Mr. Leake, what the circulation was at that time?

Mr. Leake: It was close to 2,000, Senator.

Senator Bailey: 2,000 circulation?

Mr. Leake: Somewhere in there, yes.

Senator Bailey: A weekly paper?

Mr. Leake: No, a daily paper.

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Mr. Huston: Daily and weekly at that time. What I was leading up to is this, that the next lot of evidence Senator Downey introduced the other day was that after Mr. Leake had been appointed, or preparatory to his appointment, his secretary submitted a financial statement to the Treasury Department

showing a net worth of something approximately in the sum of \$65,000.

Mr. Leake: \$63,000.

Mr. Huston: In that regard, Mr. Leake made an error the other day when he stated that in that financial statement the newspaper plant was not included, but as a matter of fact it was.

Now, so far as the record stands now, there is proof that he inherited \$15,000 in 1927, and as of December 31, 1939, he had a net worth of approximately \$60,000.

Senator Johnson (Colorado): Just a minute. You said \$15,000 plus one-third.

Mr. Huston: Of the plant.

Senator Johnson (Colorado): Yes, and you testified that the capital stock was \$30,000, which would make it \$10,000 as his one-third.

Mr. Huston: On the basis of capital stock, yes.

Senator Johnson (Colorado): On the basis of the capital stock, additional to the \$15,000.

Mr. Huston: Yes. I will trace out the ownership of that capital stock, but what I wish to direct your attention to is that there is no proof here of Mr. Leake's financial situation during the years that he took this exemption, 1930, 1932, 1933 and 1934. Mr. Leake testified at the former hearing that he took the exemption on the assumption

that he was entitled to the exemption, because taking the indebtedness from the assessed valuation of his property he was within the limits of the Constitution.

Senator Bailey: That is, within the \$5,000?

Mr. Huston: Yes. I am going to address my proof to showing that during this period of time Mr. Leake had ample facts to justify his conclusion that that situation existed. I want to be perfectly clear on it. Taking his interest in the property on the assessment roll and considering his obligations, he was amply justified in claiming the exemption, and that it was honestly done. We will show, in connection with that, that after his father's death he took very serious financial losses as the result of the depression.

Senator Bailey: What is the rule in valuing property for taxation in California?

Mr. Huston: Well, the law contemplates, I think, that it be assessed for approximately 50 per cent of its market value.

Senator Bailey: Do you have an actual value roll or a uniform value roll?

Mr. Huston: No, the Assessor bases his assessment upon what he conceives to be about 50 or 60 per cent of the market value.

Senator Bailey: That is uniform value, then; you treat all alike.

Mr. Huston: Yes, they are all in the same class and the same relative values.

Senator Bailey: That is the uniform roll.

Mr. Huston: We do not assess property of domestic corporations.

Senator Johnson (Colorado): Do you make allowances on real estate valuations for debts?

Mr. Huston: Not on the face of the roll, no deduction for indebtedness on the face of the roll at all.

Senator Johnson (Colorado): Or in any other place?

Mr. Huston: Nowhere. Your debt does not appear anywhere on the face of the taxation papers. There was a time when we used to present mortgages, but that has been changed.

Senator Johnson (Colorado): Then it is not legal for it to appear on the roll?

Mr. Huston: No, there is no provision for it, and no opportunity to put it on the roll.

Senator Bailey: Well, he started with \$15,000 cash and a one-third interest in the printing establishment, the weekly or daily paper.

Mr. Huston: Yes.

Senator Bailey: In November, 1927.

Mr. Huston: Yes, in November, 1927.

Senator Bailey: Did he have any other property?

Mr. Huston: That is all he had at that time, except his

dwelling.

Senator Bailey: What does he say he is worth now?

Mr. Huston: \$63,000. I might add another word of explanation as to the tax practices in California. There is no law in California requiring a taxpayer to file an itemized list of his taxable property except this: our taxes are fixed at noon on the first Monday of March each year, based on your ownership and values as of that date. At that time the Assessor sends out a printed list. Now there is no penalty attached to the failure to file that printed list except that the Assessor may, if he so desires to do in the exercise of his discretion, may levy an arbitrary assessment.

Senator Bailey: How would that be material when the man claims an exemption on the basis that he is not worth \$5,000? It is not a matter of filing, it is a matter of representation.

Mr. Huston: Surely. Now, as to the question of representation, we will show by proof that when he made these applications for exemption the Assessor had the rolls before him.

Senator Bailey: That is not a matter for the Assessor, it is a matter of his representation.

Mr. Huston: We will show that the Assessor had full and complete knowledge of all of Mr. Leake's property, he was intimately acquainted with it.

Senator Bailey: Do you think that would affect the matter?

Mr. Huston: I do think it would affect the matter in this sense: it is not to be assumed that Mr. Leake would undertake to deceive a man who could not be deceived.

Senator Bailey: It would go to the weight but not to the merits. Suppose I was collector of internal revenue and suppose you would come in as a citizen and list your income, and suppose I had access to all the sources of your income and you listed \$10,000 when, as a matter of fact, it was \$50,000; the fact I was negligent and failed to act upon my information would not relieve you of a true representation of your income.

Mr. Huston: It would not relieve us of the responsibility, but it would have a very material bearing on the intent.

Senator Bailey: It would have some bearing, yes.

Senator Johnson (Colorado): It might have a bearing on your intent to deceive the Tax Collector or Tax Assessor, but it would not have any bearing on your attempt to cheat the State.

Mr. Huston: Well, of course I do not see any distinction between the two. If you are cheating one, you are cheating the other.

Senator Johnson: Oh, there is a great distinction.

Mr. Huston: Now, I am going to offer in evidence, first,

a certified copy of the Decree of Distribution entered in the estate of Ed. E. Leake, November 3, 1927.

(The document referred to is as follows:)

"IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA,
IN AND FOR THE COUNTY OF YOLO.

---O---

In the Matter of the Estate

of

ED. E. LEAKE, sometimes known
as E. E. LEAKE, and sometimes
known as EDWARD E. LEAKE,

Deceased.

---O---

ORDER SETTLING FINAL ACCOUNT AND
DECREE OF DISTRIBUTION.

The Final Account of EDWARD I. LEAKE and PAUL R. LEAKE
executors of the last Will and Testament of Ed. E. Leake, some-
times known as E. E. Leake, and sometimes known as Edward E.
Leake, deceased, coming on regularly for hearing on this 31st
day of October, 1927, and it appearing by due proof to the
satisfaction of the Court that due and legal notice of the
hearing of said Final Account and Petition for Distribution
has been given as required by law and order of the Court,
and evidence being taken and the matter having been heard
and submitted to the Court the Court now finds as follows:

1. That Ed. E. Leake, sometimes known as E. E. Leake

and sometimes known as Edward E. Leake, deceased, died on the 16th day of September, 1926, in the County of Yolo, State of California.

2. That said deceased at the time of his death was a resident of said County of Yolo, State of California, and left estate therein consisting of real and personal property.

3. That said Ed. E. Leake, sometimes known as E. E. Leake, and sometimes known as Edward E. Leake were one and the same person.

4. That thereafter and upon due petition of said Edward I. Leake and Paul R. Leake, and by an order of this Court duly made, given and entered, the last Will and Testament of said deceased was duly and regularly admitted to probate, and the said Edward I. Leake and Paul R. Leake were appointed as executors thereof; that the said Edward I. Leake and Paul R. Leake thereupon qualified as such executors and ever since have been and now are the duly and legally appointed, qualified and acting executors of the last Will and Testament of said deceased.

5. That the said executors have caused notice to be given to the creditors of and all persons having claims against the estate of said deceased; that the time for presentation of claims has expired, and that all claims against said estate have been paid in full.

6. That said executors filed in the office of the Clerk

of this Court a statement of Notice of Creditors within the time and in the manner prescribed by law.

7. That said executors have duly made, returned and filed herein an inventory of said estate.

8. That all the expenses of last sickness, funeral and all claims against said estate, all taxes, state, county and municipal, and all taxes due on the inheritances under the last Will and Testament of said deceased have been paid in full.

9. That the final account as presented contains a full, true and correct statement of all receipts and disbursements for and on account of said estate, and all properties coming into the hands of the executors.

10. That all legacies have been paid in full.

11. That said executors employed Huston, Huston & Huston, Attorneys at Law, to represent and advise said executors in the administration of said estate; that said executors are allowed the statutory fee to compensate said Huston, Huston & Huston, their attorneys, for the services rendered to said estate and said executors by them.

12. That said estate has been fully administered and is now in a condition to be closed.

13. That under and by virtue of the terms of the last Will and Testament of said deceased, Cecilia Leake, the surviving widow of said deceased is entitled to have distributed

to her One-third (1/3) of all the capital stock of the Ed. E. Leake Publishing Company, a corporation.

14. That under and by virtue of the terms of the last Will and Testament of said deceased Edward I. Leake and Paul R. Leake are entitled to have distributed to them each one-third (1/3) of all of the capital stock of the Ed. E. Leake Publishing Company, a corporation.

15. That under and by virtue of the terms of the last Will and Testament of said deceased, Edward I. Leake is entitled to have distributed to him the sum of One Thousand Dollars (\$1000.00) in trust for the following uses and purposes:

To use the whole of said sum, or any income derived therefrom for the education of my grandson, Paul Edward Leake, in such manner as said trustee shall deem best. Said trustee is hereby given full power and authority to disburse and expend said sum and the accumulations thereof, according to his best judgment and discretion, for the education of my said grandson. Any unexpended portion of said sum remaining in the hands of said trustee at the time my said grandson shall attain the age of twenty-one years shall be paid over to my said grandson. If my said grandson should not be living at the time of my death, then this bequest shall lapse. If my said grandson should die after my death and prior to the time he would attain the age of twenty-one

years, then any unexpended portion of said sum shall go to the said Edward I. Leake.

16. That under and by virtue of the terms of the last Will and Testament of said deceased, Paul R. Leake is entitled to have distributed to him the sum of One Thousand Dollars (\$1000.00) in trust for the following uses and purposes;

To use the whole of said sum, or any income derived therefrom, for the education of my grandson, Kenneth Leake, in such manner as said trustee shall deem best. Said trustee is hereby given full power and authority to disburse and expend said sum, and the accumulations thereof, according to his best judgment and discretion, for the education of my said grandson. Any unexpended portion of said sum remaining in the hands of said trustee at the time my said grandson shall attain the age of twenty-one years shall be paid over to my said grandson. If my said grandson should not be living at the time of my death then said bequest shall lapse. If my said grandson should die after my death and prior to the time he would attain the age of twenty-one years, then any unexpended portion of said sum shall go to the said Paul R. Leake.

17. That under and by virtue of the terms of the last Will and Testament of said deceased, Paul R. Leake is entitled to have distributed to him the sum of One Thousand Dollars (\$1000.00) in trust for the following uses and

purposes:

To use the whole of said sum or any income derived therefrom for the education of my grandson Robert Leake in such manner as said trustee shall deem best. Said trustee is hereby given full power and authority to disburse and expend said sum and the accumulations thereof according to his best judgment and discretion for the education of my said grandson. Any unexpended portion of said sum remaining in the hands of said trustee at the time my said grandson shall attain the age of twenty-one years shall be paid over to my said grandson. If my said grandson should not be living at the time of my death, then this bequest shall lapse. If my said grandson should die after my death and prior to the time he would attain the age of twenty-one years then any unexpended portion shall go to the said Paul R. Leake.

18. That under and by virtue of the last Will and Testament of said deceased, all the rest, residue and remainder of said estate, and all other property real or personal not now known or discovered in which said deceased had any interest at the time of his death, or in which said estate has by operation of law or otherwise acquired any interest, is to be distributed as follows, to-wit:

(a). To Cecilia Leake, surviving widow of said deceased One-half (1/2) thereof.

(b) To Edward I. Leake and Paul R. Leake, each an

undivided One-fourth (1/4) thereof.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED as follows:

First: That the final account of said Edward I. Leake and Paul R. Leake, executors of the last Will and Testament of Ed. E. Leake, sometimes known as E. E. Leake and sometimes known as Edward E. Leake, deceased, be, and the same is hereby settled, allowed and approved as presented.

Second: That said executors be, and they are hereby allowed the statutory fees as compensation for their attorneys, Huston, Huston & Huston.

Third: That one-third (1/3) of all of the capital stock of the Ed. E. Leake Publishing Company, a corporation, be, and the same is hereby distributed to Cecilia Leake, the surviving widow of said deceased.

Fourth: That one-third (1/3) of the capital stock of the Ed. E. Leake Publishing Company, a corporation, be, and the same is hereby distributed to Edward I. Leake.

Fifth: That one-third (1/3) of the capital stock of the Ed. E. Leake Publishing Company, a corporation, be, and the same is hereby distributed to Paul R. Leake.

Sixth: That the sum of One Thousand Dollars (\$1000.) be, and the same is hereby distributed to Edward I. Leake in trust for the following uses and purposes:

To use the whole of said sum, or any income derived therefrom for the education of my grandson, Paul Edward Leake,

in such manner as said trustee shall deem best. Said trustee is hereby given full power and authority to disburse and expend said sum and the accumulations thereof, according to his best judgment and discretion, for the education of my said grandson. Any unexpended portion of said sum remaining in the hands of said trustee at the time my said grandson shall attain the age of twenty-one years shall be paid over to my said grandson. If my said grandson should not be living at the time of my death, then this bequest shall lapse. If my said grandson should die after my death and prior to the time he would attain the age of twenty-one years, then any unexpended portion of said sum shall go to the said Edward I. Leake.

Seventh: That the sum of One Thousand Dollars (\$1000.) be, and the same is hereby distributed to Paul R. Leake in trust for the following uses and purposes:

To use the whole of said sum, or any income derived therefrom, for the education of my grandson, Kenneth Leake, in such manner as said trustee shall deem best. Said trustee is hereby given full power and authority to disburse and expend said sum, and the accumulations thereof, according to his best judgment and discretion, for the education of my said grandson. Any unexpended portion of said sum remaining in the hands of said trustee at the time my said grandson shall attain the age of twenty-one years shall be paid over

to my said grandson. If my said grandson should not be living at the time of my death then said bequest shall lapse. If my said grandson should die after my death and prior to the time he would attain the age of twenty-one years, then any unexpended portion of said sum shall go to the said Paul R. Leake.

Eighth: That the sum of One Thousand Dollars (\$1000.) be, and the same is hereby distributed to Paul R. Leake in trust for the following uses and purposes:

To use the whole of said sum or any income derived therefrom for the education of my grandson Robert Leake in such manner as said trustee shall deem best. Said trustee is hereby given full power and authority to disburse and expend said sum and the accumulations thereof according to his best judgment and discretion for the education of my said grandson. Any unexpended portion of said sum remaining in the hands of said trustee at the time my said grandson shall attain the age of twenty-one years shall be paid over to my said grandson. If my said grandson should not be living at the time of my death, then this bequest shall lapse. If my said grandson should die after my death and prior to the time he would attain the age of twenty-one years then any unexpended portion shall go to the said Paul R. Leake.

Ninth: That the following described real property situate, lying and being in the City of Woodland, County of

Yolo, State of California, and described as follows, to-wit:

The North one hundred fourteen (114) feet of Lot Ten (10) of Block Three (3) of the town (now city) of Woodland, according to the map or plat thereof on file and of record in the office of the County Recorder of the County of Yolo, State of California, be, and the same is hereby distributed as follows:

To Cecilia Leake, surviving widow of said deceased, an undivided one-half thereof; and

To Edward I. Leake and Paul R. Leake each an undivided one-fourth thereof.

Tenth: That all the rest, residue and remainder of said estate, and all other property real or personal not now known or discovered in which said deceased had any interest at the time of his death, or in which said estate has be operation of law or otherwise acquired any interest, be, and the same is hereby distributed as follows, to-wit:

(a). To Cecilia Leake, the surviving widow of said deceased, an undivided one-half thereof; and

(b). To Edward I. Leake and Paul R. Leake, each an undivided one-fourth thereof.

IT IS FURTHER ORDERED that upon presentation of the proper vouchers showing compliance with this decree said executors be discharged as such, and said administration declared closed.

DONE IN OPEN COURT this 31st day of October, 1927.

W. A. ANDERSON

JUDGE.

(Endorsed:) Filed Nov.-3, 1927

H. R. SAUNDERS, Clerk

By C. L. Hiddleson Deputy

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STATE OF CALIFORNIA,)

) ss.

County of Yolo.)

I, H. R. SAUNDERS, County Clerk of the County of Yolo,

State of California, and ex-officio Clerk of the Superior

Court thereof, do hereby certify that I have compared the

foregoing copy with the original Order settling final account

and decree of distribution in the matter of the estate of

Ed. E. Leake, deceased, filed in my office on the 3rd day

of November, 1927, and that the same is a full, true and

correct copy of the original, and the whole thereof, as the

same remains of record and on file in my office.

(SEAL)

Witness my hand and the seal of the
Superior Court, this 3rd day of
November, 1927.

H. R. Saunders, Clerk

By /s/ C. L. Hiddleson, Deputy."

- - -

Senator Bailey: What I want you to get at is some
admissions here as to the ownership of property. First, there

is the \$15,000 in cash, and what appears to be a very small interest in the newspaper. I judge a newspaper of 2000 circulation is not worth much. You might nearly wipe that off in the depression altogether, that whole paper, as worthless.

What was the first year that he claimed this exemption?

Mr. Huston: 1930.

Senator Bailey: So it would be from November, 1927, until 1930 that he did not claim this exemption?

Mr. Huston: Yes.

Senator Johnson (Colorado): Just one moment. This \$15,000 is in addition to his residence which was testified to the other day as being worth something less than \$10,000 or something more than \$5,000.

Mr. Huston: Yes, it was less than \$5,000. I think it was assessed at about \$3200.

Senator Bailey: Did he own that in November, 1927?

Mr. Huston: Yes.

Senator Bailey: Unencumbered?

Mr. Huston: Yes.

Senator Johnson (Colorado): It does not make any difference whether it is encumbered or not. It is real estate.

Mr. Huston: Well, of course that is a question of the Constitution. We had a lot of argument about it, as to just what is the basis of this exemption, which I will present to you gentlemen later.

Now, I wish to offer in evidence a certified copy of the paper showing the dissolution of the Ed. E. Leake Publishing Company on February 4, 1936. I am offering these documents because they form the background of some other evidence that we are going to introduce.

(The document referred to is as follows:)

Frank C. Jordan

Secretary of State

Robert V. Jordan

Assistant Secretary of State

Frank H. Cory

Charles J. Hagerty

Deputies

CERTIFIED COPY

STATE OF CALIFORNIA

DEPARTMENT OF STATE

I, Frank C. Jordan, Secretary of State of the State of California, do hereby certify that I have carefully compared the transcript, to which this certificate is attached, with the record on file in my office of which it purports to be a copy, and the same is a full, true and correct copy thereof. I further certify that this authentication is in due form and by the proper officer.

In witness whereof, I have hereunto set my hand and have caused the Great Seal of the State of California to be affixed

hereto this 4th day of February, 1936.

FRANK C. JORDAN

Secretary of State

(SEAL)

By Chas. J. Hagerty

Deputy.

(Attachment)

STATE OF CALIFORNIA)
) SS:
COUNTY OF YOLO)

We, Paul R. Leake, President and Delma Benson, Secretary of Ed E. Leake Publishing Co., a corporation, do hereby certify that all of the stockholders of said corporation have heretofore in writing executed by such stockholders and filed with the Secretary of this corporation elected to wind up and dissolve such corporation and wind up its affairs.

Witness our hands and the seal of said corporation this 7th day of January, 1936.

(SEAL)

Paul R. Leake

Delma Benson

STATE OF CALIFORNIA)
) SS:
COUNTY OF YOLO)

On this 7th day of January, 1936, before me Arthur C. Huston Jr., a Notary Public in and for the County of Yolo, State of California, personally appeared Paul R. Leake and Delma

Benson known to me to be the President and Secretary of the corporation described in and that executed the within instrument, and also known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that they and such corporation executed the same.

In witness whereof, I have hereunto set my hand and affixed my seal at my office in the County of Yolo, the day and year in this certificate first above written.

Arthur C. Huston, Jr. (Seal)

Notary public in and for the county of
Yolo, State of California.

Endorsed - Filed
in the office of the Secretary
of State of the State of Cali-
fornia Feb. 4, 1936.

Frank C. Jordan, Secretary of
State, by
Chas. J. Hagerty
Deputy.

(Endorsed) Filed Feb. 21, 1936
H. R. Saunders, Clerk,
By C. L. Hiddleston, Depty.

STATE OF CALIFORNIA)
) SS:
County of Yolo)

I, H. R. Saunders, County Clerk of the County of Yolo, State of California, and ex-officio Clerk of the Superior Court thereof do hereby certify that I have compared the foregoing copy with the original Certificate of Ed. E. Leake Publishing Co., No. 434, filed in my office on the 21 day of February, 1936, and the same is a full, true and correct copy

of the original and the whole thereof, as the same remains on record and on file in my office.

Witness my hand and the seal of the Superior Court,
this 27th day of January, 1940.

H. R. Saunders, Clerk.

By Opal Davis, Deputy.

Now, it has already been testified, gentlemen, that in February, 1931, Mr. Leake purchased the interests of his mother and his brother. I want to offer in evidence a deed executed at that time by Mr. Leake and his wife to his mother. I would like to withdraw this paper. It is an original paper that I am holding in escrow and it is not recorded. I can state the substance in the record and supply a copy.

Senator Bailey: I think you may state the substance and keep the paper.

(The document referred to is as follows:)

DEED

Paul R. Leake and Aillen M. Leake, his wife,

To

Cecilia Leake, a widow,

Dated February 7th, 1931.

STATE OF CALIFORNIA)
) SS
 COUNTY OF YOLO)

On this 7th day of February in the year A.D. 1931, before me, Percy Napton a Notary Public in and for the county of Yolo, personally appeared Paul R. Leake and Aileen M. Leake, his wife, known to me to be the same persons whose names are subscribed to the within instrument and they duly acknowledged to me that they executed the same.

Percy Napton

Notary Public in and for the County of
 Yolo State of California.

THIS INDENTURE, made this 7th day of February in the year of our Lord one thousand nine hundred thirty-one between Paul R. Leake and Aileen M. Leake, his wife, the parties of the first part, and Cecilia Leake, a widow, the party of the second part, Witnesseth: That the said parties of the first part, for and in consideration of the sum of Ten Dollars gold coin of the United States of America, to them in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, have granted, bargained and sold, conveyed and confirmed, and by these presents do grant, bargain and sell, convey and confirm unto the said party of the second part, and to her heirs and assigns a life estate in and to an undivided one-third of all that certain lot, piece or

parcel of land situated, lying and being in the City of Woodland, County of Yolo, State of California, and bounded and particularly described as follows, to-wit:

The North One Hundred and Fourteen (114) feet of Lot ten (10) of Block Three (3) of the Town (now city) of Woodland, as per Map thereof on record and on file in said County of Yolo, in the office of the County Recorder of said County of Yolo, excepting the South 17.4 feet of the North 114 feet of Lot Ten (10) in Block three (3) of Freeman's Woodland, as said lot and block appear of record in the office of the Recorder of Yolo County in Book "D" of Deeds, at page "722".

Together with all and singular the tenements, hereditaments, and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

To have and to hold all and singular the said premises together with the appurtenances, unto the said party of the second part, and to her heirs and assigns for and during the term of the natural life of the said party of the second part, in and to said undivided one-third of said property.

In Witness Whereof, the said parties of the first part have hereunto set their hands and seal the day and year first above written.

Signed, sealed and delivered in the presence of - Paul R. Leake - Aileen M. Leake.

Senator Bailey: What was the consideration?

Mr. Huston: The consideration was \$10. As a matter of fact, this is a deed of gift.

Senator Bailey: Is there a stamp on that?

Mr. Huston: No, no stamp on that.

Senator Bailey: You said it was a deed of gift?

Mr. Huston: On the face of it, it is the usual form of grant, bargain and sale document.

Senator Bailey: Mr. Leake testified he was under obligation to pay his mother a certain amount of money.

Mr. Huston: I have another document covering that.

Senator Bailey: That was not in connection with this transfer?

Mr. Huston: That was not in connection with this transfer but in connection with the deed to his mother of September 1, 1931.

Senator Bailey: According to this deed, Mr. Leake and his wife conveyed to his mother.

Mr. Huston: You recall the other day the fact was shown here that on that date his mother and his brother transferred certain interests in this property to him, and the purpose of my showing this is the interest received at that time was subject to these contracts where she still has a life estate in the income from all of the real estate.

Senator Bailey: How old was she at that time?

Mr. Huston: I assume she was about 70 at that time.

Mr. Leake: She is about 85 now, Senator.

Senator Townsend: Is she still living?

Mr. Leake: Yes.

Senator Bailey: Then at that time she was 73 and the expectancy was about 7 or 8 years. You say she is still living?

Mr. Huston: Yes.

Senator Bailey: All right.

Mr. Huston: I next wish to offer an assignment in evidence dated February 7, 1931, the same date as that deed, whereby Cecelia Leake assigns to Mr. Paul R. Leake and wife the following:

"For value received, I hereby sell, assign and transfer to Paul R. Leake and Aileen M. Leake, his wife, in joint tenancy and to the survivor of them and to the heirs and assigns of such survivor forever, Certificate No. 7 for ninety-nine (99) shares and Certificate No. 2 for one (1) share of the capital stock of Ed. E. Leake Publishing Co., a corporation, reserving all dividends, earnings, income and profits from said stock during the term of my natural life; the said stock to be deposited with Arthur C. Huston to be held in escrow for the collection of such dividends and to be delivered to the said Paul R. Leake and Aileen M. Leake, his wife, on my death.

"Dated: February 7, 1931. Cecelia Leake,"

That is another original document I would like to keep.

Senator Bailey: You wish to hold the document?

Mr. Huston: Yes.

Senator Bailey: Will you describe the publishing company? Was that the general printing business, like an ordinary small newspaper running the usual jobbing service?

Mr. Huston: Yes, in connection with its newspaper business.

Senator Bailey: Do you know what the volume of business was in connection with its general printing office?

Mr. Huston: No.

Senator Bailey: What was the population of Woodland, California?

Mr. Huston: The population of Woodland, California, was somewhere around 5,000.

Senator Bailey: How many jobbing offices were there?

Mr. Leake: There usually have been three.

Senator Bailey: Can you tell us what the volume of business was in the jobbing office?

Mr. Leake: I imagine \$500 or \$600 a month would cover it. I am sorry to say it was not more.

Mr. Huston: Now, the net result of this transaction, as you gentlemen probably understand, is that in February, 1931, he took over his brother's interest and he took over his mother's interest, but his mother's interest in the build-

ing was subject to the same arrangement --

Senator Bailey: (Interposing) She had a life estate?

Mr. Huston: She had a life estate. It was subject to the same arrangement as to the corporation stock which she turned over to him at that time, she reserved what was substantially a life estate.

Senator Johnson: (Colorado) Did she pay taxes on her equity?

Mr. Huston: No. The strange thing about it is that that property, belonging to the Ed. E. Leake Publishing Company, a corporation, at that time was included in a joint assessment made to Mr. Leake, his brother and his mother.

Senator Johnson: (Colorado) That is after 1931?

Mr. Huston: Up to 1931.

Senator Johnson: What happened after 1931?

Mr. Huston: It was carried the same way, nothing had been changed. The roll had been carried exactly the same ever since Mr. Leake's distribution.

Senator Bailey: You mean to say the publishing corporation paid no taxes?

Mr. Huston: It being a domestic corporation there is no tax on its stock. The corporation was legally assessable on its assets or taxable property, but in these assessments here the real estate, or the printing plant, rather, belonging to the corporation was included in the assessment of

Mr. Leake, his mother and his brother.

Senator Bailey: They paid the taxes?

Mr. Huston: They paid the taxes.

Senator Bailey: Did he get an exemption on that, or was that a tax on all three?

Mr. Huston: There was no exemption on any particular tract.

Senator Bailey: He was taxed on that notwithstanding his claim of exemption, am I right about that?

Mr. Huston: Surely. The tax rolls show a taxation there of these various parties. All the taxes were paid. The only exemptions he got amounted to the tax on about \$1,000.

Senator Bailey: I think we will get some light on this. What was the tax valuation against those three?

Mr. Huston: I can give you that.

Senator Bailey: All right.

Mr. Huston: I will give you that a little later. I will present those receipts.

Senator Johnson: (Colorado) On the tax roll that does not mean very much, I presume, in California. I know it does not mean very much in Colorado. You can carry property on the tax roll under anybody's name.

Mr. Huston: It does not invalidate the assessment.

Senator Johnson: (Colorado) It does not show the actual facts as to the ownership of the property.

Mr. Huston: I cannot understand how this happened, because under our law, this being real estate, it would be assessed in the names of the owners, but there is ample room for confusion in the assessment of personal property because there is nothing on the public records showing the ownership of personal property. Now, this printing plant and newspaper were, of course, within the category of personal property, so the assessor just took Mr. Leake's original assessment when he died and carried it down to date without change. That is what he did.

Senator Bailey: You mean the elder Leake, the predecessor?

Mr. Huston: Yes, the predecessor.

Senator Bailey: And that was not exempt at any time?

Mr. Huston: There was no exemption on that.

Senator Bailey: Well, you come down then to your \$15,000 cash and the house.

Mr. Huston: And the house. Now, I want to make my position perfectly plain with the committee on this question of value. The constitution says, "of the value of \$5,000," that you are entitled to the exemption if you do not own property in excess of the value of \$5,000.

Senator Bailey: You are not entitled to the \$1,000 exemption if you own more?

Mr. Huston: If you own property, you and your wife own property in excess of \$5,000.

Senator Bailey: Yes.

Mr. Huston: The question is, - and it has been a very much mooted question, - as to what is value. That question has never been determined. Some people say market value and others take the position that when the word "value" is being used in connection with the subject of taxation it means assessed value, and apparently that was the rule followed here by the assessor and Mr. Leake in making this out. Now, I think perhaps I can take this matter up with some testimony from Mr. Leake that will clarify it.

Senator Bailey: All right. I will ask the committee to rule on this request of Mr. Downey that we swear Mr. Leake.

Mr. Huston: We have no objection.

Senator Bailey: I know. It is a question here of procedure. No one has been sworn so far. Senator Downey has not been sworn. This is not a trial, this is an inquiry. I am rather inclined not to swear him. I do not think he will the truth any more surely under oath than he would not under oath.

Mr. Huston: I am inclined to agree with you.

Senator Bailey: I know he would not. What do you say, Mr. Johnson?

Senator Johnson: (Coloado) I see no necessity for it.

Senator Bailey: What do you say about it, Mr. Townsend?

Senator Townsend: There is no necessity for it.

Senator Bailey: All right, go ahead, Mr. Huston. I believe the purpose of the oath is in order to get a witness for perjury.

Mr. Huston: Yes.

Senator Bailey: We are not here to get anybody for perjury.

Mr. Huston: The evidence shows, Mr. Leake, that at the date of the distribution of you father's estate you received approximately \$15,000 in cash and also 100 shares of Union Oil Company stock. Have you any recollection at this time what eventually became of your interest in the oil stock, so as to clear that for the record?

Mr. Leake: I saw that in the record. I had forgotten that there was any, but I imagine it was disposed of.

Senator Bailey: You say it was disposed of?

Mr. Leake: Yes.

Senator Bailey: We want to know something about that oil stock, if you owned it in 1927. What was it worth?

Mr. Huston: At that time I think that oil stock was worth probably, oh, somewhere around 17.

Senator Bailey: How much?

Mr. Huston: 17.

Senator Bailey: \$17 a share?

Mr. Huston: \$17 a share.

Senator Bailey: How many shares?

Mr. Huston: I speak of that by reason of the fact I had some myself.

Senator Bailey: How many shares?

Mr. Huston: 100.

Senator Bailey: Well, that is \$1700.

Mr. Huston: Yes. Now, after the settlement of your father's estate, can you state to the committee what disposition, if any, in other words, what became of the \$15,000 you received on distribution? What did you do with it?

Mr. Leake: Well, I am going to tell the committee I am referring to some notes here, because my memory of dates is not very good. I have just some little notes here and I want to refer to them.

Senator Johnson: (Colorado) Have you your bank balances with you?

Mr. Leake: No, I believe not, unless Mr. Huston has them.

Mr. Huston: I have not.

Senator Bailey: Did you put the \$15,000 in the bank?

Mr. Leake: No. Here is what happened: I became interested in the market. I made some very, what looked to me like good investments at first, and I increased those investments, and shortly before, I think within the date here --

Senator Bailey: (interposing) You bought the stock on the Stock Exchange?

Mr. Leake: Yes.

Senator Bailey: Let us see what stocks you bought.

Mr. Leake: My chief interests were in the old Bank of Italy, which came down to the Bank of America and finally expanded into the Transamerica.

Senator Bailey: You invested in that after some investigation?

Mr. Leake: I had some faith in them at that time. A great many other people thought I could make a profitable investment and I put a great deal of money in that stock. On June 28, 1928, I borrowed. My money had run out and I borrowed additional money.

Senator Bailey: How much did you put up? You said your money ran out. You had \$15,000. Now, how much did you put into the bank stock?

Mr. Leake: A very substantial sum. I could not tell you exactly.

Senator Bailey: Did you buy it on margin or buy it for cash?

Mr. Leake: I bought for cash, I paid for everything, and I had it up to June 28, 1928, and then I borrowed \$7400.

Senator Bailey: Why did you borrow? Did you buy some more?

Mr. Leake: Yes, I added to my investment. I was doing pretty well with the stock at that time.

Senator Bailey: It went up and you bought some more?

Mr. Leake: Yes, and then the crash came, and I, like a good many other investors, lost my money.

Senator Bailey: Let us see what time you lost it. In 1928, it was a good investment and you bought some more. What time did that stock break?

Mr. Leake: The stock first broke on the date of the first crash.

Senator Bailey: October 26, 1929. I was not in the market, I filed a lawsuit on that day, but I do not think I missed that day.

Mr. Leake: From then on is when my grief started, Senator Bailey.

Senator Bailey: What is that?

Mr. Leake: I say, from then on is when my grief started.

Senator Bailey: Was the stock running pretty well up until that time?

Mr. Leake: Yes, it ran pretty well.

Mr. Huston: It reached its highest peak at that time.

Mr. Leake: I think I managed to get in my last investment on almost the peak. If not the peak.

Senator Bailey: You bought stock after August, 1928? You know there was a flurry in August, 1928, - or was it 1929?

Mr. Huston: 1929.

Senator Bailey: And then it recovered and then began to sink and all of a sudden the boom broke and all was washed

away.

Mr. Huston: It went down to 2 and came back to 17, and went back to 5.

Senator Bailey: It hit everyone in the country.

Mr. Huston: How much of a loss did you take on that Transamerica?

Mr. Leake: On the Transamerica I took approximately a loss of over \$30,000. I do not remember exactly.

Senator Bailey: Now, what was the date of listing the property claimed in this exemption?

Mr. Huston: The first claim involved here is as of 1930.

Senator Bailey: I will agree he did not have to list it in 1927. He got the property too late in that year, but he did have to list it in 1928. What date was the exemption claimed?

Mr. Leake: There was no exemption claimed until 1930, Senator.

Senator Bailey: No exemptions at all claimed?

Mr. Leake: That is right, in 1927.

Senator Bailey: You listed that property for taxation in 1928?

Mr. Huston: Don't misunderstand that. There is no requirement apparently for an itemized listing for exemption.

Senator Bailey: Well, he either claimed or he did not claim his exemption in 1928 and 1929. The statement here is

that he did not claim it.

Mr. Huston: Yes.

Senator Bailey: Then he was taxed for it if he did not claim it, is that right?

Mr. Leake: Yes, that is right.

Senator Bailey: Then you paid your taxes?

Mr. Leake: There was no exemption in 1928 or 1929.

Senator Bailey: In 1930 you did claim exemption and you paid no taxes on that exemption, is that right?

Mr. Leake: Yes, I had my \$1,000 exemption in 1930.

Mr. Huston: He paid all the taxes except the \$1,000 exemption. With regard to this listing, we have no practice apparently of what you have in mind as listing by the taxpayer. The assessor checks the roll.

Senator Bailey: Well, he can use the word "claim." It is the same thing in my mind.

Mr. Huston: The claims were based upon the assessment roll not upon any listing that he filed.

Now, at the time you made this transaction with your mother in February, 1931, did you borrow any additional money at that time?

Mr. Leake: On February 7, 1931, I borrowed \$12,500.

Senator Bailey: Well, you have not told us so far how much you lost. You said you made a bad investment. How much did you lose?

Mr. Huston: He said it was in excess of \$30,000.

Senator Bailey: You lost \$30,000?

Mr. Leake: On Transamerica, yes.

Senator Bailey: You lost more than you had?

Mr. Leake: I was certainly in debt.

Senator Bailey: How did you lose? You borrowed money to buy stock?

Mr. Huston: He had the original \$15,000 from his father, plus the \$7800 he borrowed on June 28, 1928.

Senator Bailey: All right. You took a loss in the crash of 1929 and 1930 of \$30,000, is that right?

Mr. Leake: Yes, when I disposed of the Transamerica it represented a loss of that amount.

Senator Bailey: Did you sell the stock and take the loss?

Mr. Leake: No, I did not sell it all at that time.

Senator Bailey: Do you still have the stock?

Mr. Leake: No, I haven't.

Senator Townsend: Did they sell you out?

Mr. Leake: No, they did not sell me out. I did not buy on margin at that time.

Mr. Huston: He bought outright.

Senator Johnson: (Colorado) It was a paper loss, not an actual loss.

Mr. Huston: It was a paper loss until he sold finally, and when he sold he was \$30,000 short of what he paid into it.

Senator Johnson: (Colorado) When did he sell?

Mr. Leake: I sold it shortly after the securities expose, the hearing concerning the trouble there.

Senator Bailey: I think in the matter of stock, if I buy 100 shares of United States Steel at \$65 today and it drops to \$55 tomorrow, I have a right to say I have taken a loss of \$1,000 in 24 hours, because that is a liquid investment, depending on the day to day value of the stock on the Stock Exchange. The stock you had went down to the point that you lost \$30,000 in the valuation of that stock, is that right?

Mr. Leake: I think that is substantially correct.

Senator Johnson: (Colorado) That was a paper loss. He made a paper profit in 1928. He testifies here that he made a fine profit in 1928.

Senator Bailey: It went up some, I will agree. He said he paid his taxes in 1928.

Mr. Leake: In 1928 and 1929 I claimed no exemption.

Mr. Huston: These exemptions all followed the crash.

Senator Bailey: The variation on the stock exchange from day to day in stock and bonds is an actual profit or loss.

Senator Johnson: (Colorado) Do you have your income tax schedules, or copies of them, to submit that you made during these times?

Mr. Huston: We have them. As far as we are concerned, we

are perfectly willing that the committee shall have access to them. However, we have some reservation in mind in that respect. We do not take very kindly to the idea of having Mr. Downey scrutinize our income tax returns. We are perfectly willing that the committee shall have them and use them for all the purposes it may desire, take all the excerpts from the tax returns that you may desire to include in your report, but unless the committee so indicates, I think we are entitled to our privilege of privacy as far as our adversaries are concerned.

Senator Bailey: It is my recollection that the members of the Senate, the members of the Congress, do have access upon request to them, but we do not have a right to disclose any of the information they contain.

Mr. Huston: So far as the right to disclose is concerned, we would waive that right.

Senator Bailey: I do not care to expose a man's income to the public. A member of the Finance Committee, I want to say, has a right to inspect the income tax returns.

Mr. Huston: Now, Mr. Leake, at the time you purchased the interest of your mother, did you borrow any money?

Mr. Leake: You mean at the time I bought my brother out?

Mr. Huston: Your mother and brother, yes.

Mr. Leake: Yes, I borrowed \$12,500.

Mr. Huston: And at that time had you finished paying off this loan of \$7400 dated June 28, 1928?

Mr. Leake: No, I had not.

Mr. Huston: I have here two letters from the Bank of America giving the statistics on these loans, if you desire them.

(The letters referred to are as follows:)

BANK OF AMERICA

Woodland, California.

January 27, 1940.

Mr. A. C. Huston, Sr.,
Attorney at Law,
Woodland, California.

Dear Mr. Huston:

We made a real estate loan at this branch on February 7, 1931 of \$12,500 to Paul R. Leake and Aileen M. Leake, secured by Deed of Trust on the "Woodland Democrat Building."

This loan was paid in installments, and eventually paid in full on February 28, 1933.

Yours very truly, W. K. Hatch, Manager.

—
BANK OF AMERICA

Woodland, California.

January 27, 1940.

Mr. A. C. Huston, Sr.
Attorney at Law,
Woodland, California.

Subject: Paul R. Leake

Dear Mr. Huston:

We made a commercial loan secured by collateral at this Branch to Mr. Leake of \$7,400 on June 28, 1928, which was reduced to \$5,900 on July 25, 1931, and continued for that amount until paid in full on February 28, 1933.

Yours very truly, W. K. Hatch, Manager.

Mr. Huston: Now, in connection with that transaction, you borrowed this \$12,500 from the bank on February 7, 1931. Did you subsequently transfer that loan to your mother?

Mr. Leake: Yes, I did.

Mr. Huston: You borrowed some money from here and paid off the bank?

Mr. Leake: In 1933, I borrowed \$10,375.

Mr. Huston: Is this the promissory note you gave your mother at that time (handing document to Mr. Leake)?

Mr. Leake: Yes, sir.

Mr. Huston: We will offer this. As long as this is paid, we have no objection to leaving it with the committee.

(The note referred to is as follows:)

\$10375.00

February 28, 1933.

One year after date without grace I promise to pay to the order of Mrs. Cecelia Leake at Woodland, California, Ten thousand three hundred seventy-five and 00/100 dollars in lawful money of the United States of America of the present standard value, with interest thereon at the rate of 4 per cent per annum from date until paid, for value received, Interest to be paid semi-annually and if not so paid the whole sum of both principal and interest to become immediately due and collectible at the option of the holder of this note. And in case suit or action is instituted to collect this note, or any portion thereof, I promise and agree to pay in addition to the costs and disbursements provided by statute such additional sum as the Court may adjudge reasonable for attorney's fees to be allowed in said suit or action.

Paul R. Leake

Due: February 28, 1934.

Mr. Huston: That is your mother's signature, is it not?

Mr. Leake: Yes, sir.

Mr. Huston: This is a receipt, gentlemen, dated March 8, 1934 acknowledging receipt from Mr. Leake on this note of \$10,375 of an interest payment of \$424.22, also \$3,375 in cash, and a promissory note of \$7,000 with interest at 4

percent payable March 8, 1935, the said cash of \$3,375 and note of \$7,000 being accepted as payment of original note for \$10,375.

(The receipt referred to is as follows:)

Woodland, California.

March 8, 1934.

Received of Paul R. Leake, this eighth day of March, 1934, interest on note dated February 28, 1933, in the amount of \$10,375.00 at the rate of 4 per centum per annum for the period of one year and eight days, said interest being \$424.22.

Received also of Paul R. Leake, this eighth day of March, 1934, \$3,375.00 in cash and note in the amount of \$7,000.00 with interest at 4 per cent per annum, payable March 8, 1935.

Said cash (\$3,375.00) and note (\$7,000.00) being accepted as payment of original note for \$10,375.00.

Cecelia R. Leake.

Mr. Huston: I next offer another receipt executed by Mrs. Leake on March 14, 1935, showing that this promissory note of \$7,000 was taken care of on that date by giving Mrs. Leake a credit on the books of the Ed. E. Leake Publishing Company, which was then owned by Mr. Leake.

(The receipt referred to is as follows:)

Woodland, California.

March 14, 1935.

I, the undersigned, this fourteenth day of March, 1935, received of Paul R. Leake the following:

1. Promissory note in the amount of \$3,000.00, dated March 8, 1935, and bearing interest at the rate of four per cent per annum, payable March 8, 1936;

2. Credit to my account on the books of the Ed. E. Leake Pub. Co., in the amount of \$280.00, the same being interest on Promissory Note in the amount of \$7,000.00 dated March 8, 1934;

3. Credit to my account on the books of the Ed. E. Leake Pub. Co., in the amount of \$4,000.00 the same representing payment on principal of Promissory Note in the amount of \$7,000.00 dated March 8, 1934.

These items I accept as payment in full, with interest, of promissory note for the sum of \$7,000.00, dated March 8, 1934.

Cecelia R. Leake.

Mr. Huston: And a note executed March 8, 1935, referred to in the last receipt for \$3,000 given by Mr. Leake to his mother which was endorsed paid the 4th day of February, 1936.

(The note referred to is as follows:)

\$3,000.00 Woodland, Calif. March 8, 1935.

On March 8, 1936, for value received, I (or we, jointly and severally) promise to pay to the order of Mrs. Cecelia Leake at Woodland, California, the sum of Three Thousand Dollars and no cents in lawful money of the United States of America, with interest from date at the rate of 4 per cent per annum until paid, payable on March 8, 1936 thereafter, in like lawful money, and if not paid as it becomes due, to be added to the principal and become a part thereof and to bear interest at the same rate.

In the event of suit to enforce payment of this note, a reasonable sum additional shall be allowed as attorney's fees in such suit and be made part of the judgement

Address: Paul R. Leake, Woodland California.

Received payment his 4th day of February, 1936, of three thousand dollars and interest to date.

Signed, Mrs. Cecelia Leake.

Mr. Huston: Are there two receipts dated March 8, 1934?

Senator Bailey: Yes, there is a duplicate for March 8, 1934. You filed two at the same time.

Mr. Huston: Here is the note that was executed March 8, 1934, for \$7,000, payable March 8, 1935.

(The note referred to is as follows:)

\$7,000.00 Woodland, Calif. March 8, 1934.

On March 8 1935, for value received, I (or we, jointly and severally) promise to pay to the order of Mrs. Cecelia Leake at Woodland, California, the sum of Seven thousand dollars and no cents in lawful money of the United States of America with interest from at the rate of 4 per cent per annum until paid, payable semi-annually in like lawful money and if not paid as it becomes due, to be added to the principal and become a part thereof and to bear interest at the same rate.

In the event of suit to enforce payment of this note, a reasonable sum additional shall be allowed as attorney's fees in such suit and be made part of the judgment.

Signed

~~Address:~~ Paul R. Leake, Woodland, Cal.

Mr. Huston: I have here a revision of the exemptions claimed by Mr. Leake showing the amounts involved, calculated on the tax rolls of each year.

(The paper referred to is as follows:)

Amount of Tax Involved in Years Exemption should not
have been claimed:

<u>Year</u>	<u>Tax Rate</u>	<u>Exemption</u>	<u>Amount of Tax</u>
1930	3.61	\$1,000	\$ 36.10
1932	4.23	1,000	42.30
1933	3.57	1,000	35.70
1934	2.99	1,000	29.90
			<u>\$144.00</u>

Mr. Huston: Here are the tax receipts for the four years involved.

Senator Bailey: That is supporting the statement you just made?

Mr. Huston: Yes.

Senator Bailey: You may file those, to save time.

Mr. Huston: Some explanation, I think, ought to be made in connection with them.

Senator Townsend: You can make your explanation.

Mr. Huston: I can perhaps make it later.

Senator Johnson: (Colorado) You can make it now, if you prefer to.

Senator Townsend: Make it now if you desire to do so.

Mr. Huston: You will notice there are two tax receipts for each year, one for Mr. Leake and Mrs. Leake on account of their residence property, individual property. He was assessed that year for \$1,365 for his residence. Now, the tax receipt shows that as to the other property --

Senator Johnson: (Colorado) What year is this, please?

Mr. Huston: 1930, the first year. The North 114 feet of Lot 10 - Block 3 - Freeman's Woodland. That is the printing plant, or the building is assessed for \$10,000.

Senator Johnson: (Colorado) At the same time he had a mortgage on it for \$12,500?

Mr. Huston: He did not have a mortgage, but he had an

indebtedness connected with it.

Senator Johnson: Through the bank?

Mr. Huston: You are correct. There was a deed of trust for that \$12,500.

Senator Johnson: This letter states "We made a real estate loan at this branch on February 7, 1931 of \$12,500 to Paul R. Leake and Aileen M. Leake, secured by Deed of Trust on the Woodland Democrat Building."

Mr. Huston: That is right. This is a Cecelia, Edward I. and Paul R. Leake joint assessment. They were also assessed for personal property, which was the printing plant and newspaper, for \$8500.

(The tax receipts referred to are as follows:)

aj-1
file Bill

Mr. Huston: Now if you take these assessed values and take from them his indebtedness he was clearly entitled to this exemption on the theory that the constitutional expression of value has to do with assessed value.

Senator Bailey: Have you a copy of that constitution?

Mr. Huston: Yes, I have it here.

Senator Bailey: If you have it, you may read it. I think we have got it in the record.

Mr. Huston: I have some notes on it. It simply says:

"Property of the value", it does not undertake to say any particular value. It is a question there of what that word "value" is to be construed as meaning. There is a difference of opinion among taxpayers, because I have had a number of questions submitted to me in regard to it, whether it means market value or any other form of value. Our position here is that Mr. Leake acted upon the assumption that it was assessed value. I think there is a copy of that constitution in the record of the former hearing.

Senator Johnson: (Colorado) To straighten out my thinking for just a minute, do you claim that this property was worth less because of money that was owed? Are you making that claim?

Mr. Huston: No, I am making this claim, Senator, that his exemption was based upon the proposition that "value" meant net value, that if he had owned property of a net value

of more than \$5000, he would lose his right to exemption.

Senator Bailey: You are addressing yourself to the allegation of fraud?

Mr. Huston: Yes.

Senator Johnson: (Colorado) That is the point I want to get straightened out. You mean by "net value", if you have property worth \$10,000 and you owe \$7,000 on it, your net worth you say is \$3,000?

Mr. Huston: Yes.

Senator Johnson: (Colorado) Does the Assessor recognize that sort of thing on real estate in California?

Mr. Huston: That does not come in the assessments.

Senator Johnson: (Colorado) He pays the taxes on the other \$7,000. You claim you have a net equity in the building of \$3,000 in the case I gave.

Mr. Huston: I think there is a little confusion. If I am assessed for \$10,000 I pay taxes on \$10,000, as was done here, but when it comes to the question of exemption, in determining whether or not a man is entitled to exemption we claim that it is not the gross assessed value that determines his net worth on the theory of exemption, but we mean the value in the exemption amendment means net value or net worth.

Senator Johnson: (Colorado) Then if you are going to escape entirely from the tax roll valuation, would not you,

in all fairness, have to go back to an actual value instead of trying to an assessed value in one case and getting away from it in another case? Would not you have to follow one line of thinking all the way through?

Mr. Huston: You follow one line of thinking in each line of action that you are following. First, you take your assessed value, as I just said, and pay your full tax. Then when you apply for your exemption the question is, what is your worth within the meaning of the constitution. Does "value" in the constitution mean net worth, or the difference between what he owes and what he is assessed?

Senator Townsend: This law says this exemption shall not apply to any person owning property to the value of \$5,000 or more. You are addressing yourself to the question of value?

Mr. Huston: Yes, to the interpretation of the constitution. That has never been interpreted by our courts. Some claim that it means gross.

Now the figures in these tax receipts show that if you take Mr. Leake's indebtedness and his interest, as shown by the assessment roll, less the interest of his mother's life estate there, why, his net worth, figured on the basis of the assessed value less his obligations, entitled him to the exemption, and our position is, as Mr. Leake testified the other day, it was on that theory that he claimed the

exemption.

Senator Bailey: You claim it was in good faith?

Mr. Huston: Yes.

Senator Bailey: You say that was an honest construction of the law?

Mr. Huston: Yes. He may have been mistaken as to the law, but it was an honest construction of the law on his part.

Senator Bailey: Now what would you say as to this: here is a letter dated January 27, 1940, from Mr. Hatch, Manager of the branch of the Bank of America, addressed to yourself, stating that they made a real estate loan from this branch on February 7, 1931, in the amount of \$12,500 to Paul R. Leake and Aileen M. Leake by deed of trust on the Woodland Democrat Building. Now very clearly he would not loan the full value on that real estate, but he did loan \$12,500, and that is sufficient evidence that they did own at that time, February 7, 1931, real estate of the value of \$12,500. That is true, is it not?

Mr. Huston: Yes.

Senator Bailey: And this was so unencumbered that the Bank would advance the cash.

Mr. Huston: Yes.

Senator Bailey: What do you say about that?

Mr. Huston: Our position here is this, that we are not

claiming that this property, taken on the basis of intrinsic value, or, perhaps, if there was such a thing as market value, it was not worth more than the assessed value. We are taking the position that Mr. Leake acted in good faith and with an honest intent by basing his claim to exemption on the idea that that claim was to be figured upon the assessed value less his debts. Now Mr. Leake did not the other day, nor has at any time claimed that by whatever other value might be adopted he did not have more than \$5,000. Now if it is based on the assessment, then the thing was mistakenly done. If our conception of it is the interpretation of the constitution, then it was legally done. Whether or not it is the legal interpretation, the point we are making is that he acted upon that assumption, and I have introduced these bills and these receipts to show that he had the basis for it.

Senator Bailey: You are dealing with the question of his good faith.

Mr. Huston: Yes, absolutely.

Senator Bailey: Let us put it squarely on that question of good faith. He owned enough real estate on February 7, 1931, to get a loan from the Bank of \$12,500.

Mr. Huston: Yes.

Senator Bailey: And at the same time he owned his home.

Mr. Huston: Yes.

Senator Bailey: His home was worth \$3,500.

Mr. Huston: Yes.

Senator Bailey: So he had \$15,000 worth of property, that is, the Bank would say he was worth \$15,000.

Mr. Huston: Yes.

Senator Bailey: He was probably worth \$20,000, because it is against the law for the Bank to loan over 60 per cent now. It probably was not the law then, the law was passed since. However, you admit he did own at least \$15,000 worth of property, in addition to the stock in the Publishing Company on this date, February 7, 1931. You admit in that year he claimed an exemption and he got the \$1000 exemption.

Mr. Huston: Yes.

Senator Bailey: Now address yourself to that. That is the nub of your situation, as I see it.

Senator Johnson: (Colorado) May I add at that very same time he owed \$7,400 on a collateral loan.

Mr. Huston: At that time I think there had been a payment.

Senator Johnson: (Colorado) It had been reduced to \$5,900, but he evidently had collateral in the amount of more than \$7,400 at the time he made the loan, and presumably on this very date that he had collateral on which he could borrow \$7,400 he had in addition this building upon which he borrowed \$12,500.

Mr. Huston: You will note that the collateral loan

was made before the crash, and that was the collateral that was subsequently lost.

Senator Johnson: (Colorado) Here is the same bank, the same banker, and the same bank, you do not mean to say that this collateral having decreased in value until it was almost invisible, that the bank would go ahead and make another loan while the first loan was still pending?

Mr. Huston: You mean on the same collateral?

Senator Johnson: (Colorado) No, no, I mean the same man.

Mr. Huston: Yes. When they made the second loan they made it on new security.

Senator Johnson: (Colorado) Yes, indeed. Evidently the other security was satisfactory to the bank at the time they made the new loan.

Mr. Huston: Apparently.

Senator Bailey: He did not apply the proceeds of the new loan to the old one.

Senator Johnson: (Colorado) No.

Mr. Huston: No.

Senator Johnson: (Colorado) He did not make his payment until several months later.

Senator Townsend: What is the date of that loan?

Senator Johnson: (Colorado) The loan was made on June 28, 1928, and it was reduced from \$7,400 to \$5,900 on

July 25, 1931. The new loan was made on the building on February 7, 1931, in the amount of \$12,500. On February 7, 1931, Mr. Leake had an indebtedness, a total indebtedness at the bank of \$19,900, \$7,400 of it being on collateral and \$12,500 on the building, at the same bank.

Senator Bailey: Is not that the crux of this whole matter?

Mr. Huston: I think the crux of this thing, Senator, is this: did he do this with a fraudulent intent?

Senator Bailey: That is the crux. Let us put myself in that case. I own, according to the bank's lending willingness, \$20,000, and I claim to my State and County that I am worth less than \$5,000. Your point is, can you justify good faith on the reduction of your property value from \$20,000? Here is a valuation by the bank. If we did not have these letters we could depend on the proposition that here was a slump, that nobody knew what anything was worth, but we have got the bank's letters. The bank lent the money. That is presumptive evidence that the property was actually worth that, because banks do not lend on property that is worth less than the loan. So we have got that evidence, that that was the actual value at that time, and that is a minimum of \$20,000, but he claimed an exemption for that year. Address yourself to that.

Mr. Huston: My position in regard to that is this, that

Mr. Leake's interpretation, and apparently the Assessor's interpretation, was that the word "value" in the constitution did not mean market value.

Senator Bailey: I will agree to that. Of course it said "of the value".

Mr. Huston: It said "value".

Senator Bailey: We are going to agree now what Mr. Leake had in mind was net worth.

Mr. Huston: Net worth.

Senator Bailey: How are you going to cut the net worth down from \$20,000 bank valuation to less than \$5,000 of Mr. Leake's worth?

Mr. Huston: You are figuring, in your assumption here, on a valuation of this property.

Senator Townsend: Mr. Leake thought, I presume, that if he paid the money he owed, then he would not be worth the \$5,000.

Senator Bailey: This property was unencumbered. He had \$20,000, or he had \$15,000 unencumbered when he made this loan. There was not any debt to be paid on that. There may have been some extraneous debts, but they do not yet appear.

Senator Townsend: He evidently owed the money before he borrowed.

Mr. Huston: Here is the difference, Senator: your

figures and your assumptions are based upon what we may call for convenience market value.

Senator Bailey: No, I will agree with you on that.

Mr. Huston: Yes.

Senator Bailey: I am asking how, in good faith, he could drop the market value for the purpose of taxation from \$20,000 to less than \$5,000. There is your question of good faith. If you can tell me how that can be done in California I will listen to you.

Mr. Huston: Mr. Leake's assumption was based upon assessed value. This property which you have assumed here to be worth \$20,000 was assessed for 50 per cent of its value or \$10,000, plus \$1,025 for improvements. If you take these deductions from that assessed value to get his net worth, his net worth is \$5,000 or less. If you turn around and take the other assumption that you have mentioned, the market value, his net worth would be more than \$5,000. Now our position here is that he acted upon the assumption that this being a tax matter his exemption must be based upon assessed value.

Now we must always remember this on the question of his good faith: the assessor granted this exemption, he had this roll before him, it is his own roll. He had these very figures, and he had the law. So the exemption must have been granted by the assessor upon his interpretation

of the law and it meant net worth based upon assessed value and not market value.

Senator Bailey: Well, I agree with you about that. He has done that with the other people.

Mr. Huston: He has a letter on file that he did it with all the others.

Senator Bailey: That would go to the good faith.

Mr. Huston: That would go to the good faith. The point I make is that Mr. Leake went over there to the assessor, and I might ask, for the sake of the record, how long has Mr. Hillhouse been assessor of that county?

Mr. Leake: To the best of my knowledge it is considerably over a quarter of a century.

Mr. Huston: Can you state to what extent Mr. Hillhouse has been familiar with the property your father owned during his lifetime and which you ultimately succeeded to?

Mr. Leake: He knew my father and knew of his financial status, knew his property for a long time. Our newspaper property is right across the street from his office. I think he has had a good picture of my own financial situation.

Senator Johnson: (Colorado) Did your paper support this assessor in his campaign for reelection very vigorously?

Mr. Leake: We have not had to, Senator. He has not had opposition.

Mr. Huston: He had opposition the first term many years

ago, but never had opposition since.

Senator Johnson: (Colorado) Never had an opponent?

Mr. Huston: No, he was reelected without opposition.

Senator Bailey: Mr. Leake, when you got this cash from the bank, this \$12,500, what did you do with it?

Mr. Leake: That is what brought on the deal with my brother, Senator.

Mr. Huston: No, he means the \$15,000 that you got from your father.

Senator Johnson: (Colorado) He means the \$12,500.

Senator Bailey: Let me have the letters.

Mr. Huston: That money was used, as shown by the testimony the other day, to buy his brother out.

Senator Johnson: (Colorado) But his brother only owned one-third of this property.

Mr. Huston: One-fourth.

Senator Johnson: (Colorado) One-fourth?

Mr. Huston: Yes.

Senator Johnson: (Colorado) It took \$12,500 in cash to buy his brother out?

Mr. Huston: Yes. That all comes back to the point of good faith.

Senator Johnson: (Colorado) Four times \$12,500, then, is the value of the property.

Mr. Huston: We are not claiming to this Committee that

if you put this exemption upon the basis of anything other than assessed value that he was entitled to the exemption.

Senator Johnson: (Colorado) The building is worth \$50,000, then, according to that.

Mr. Huston: No.

Senator Johnson: (Colorado) He paid his brother \$12,500 for a one-fourth interest in this property.

Senator Bailey: What he did was, he took the tax valuation for the value and as against that he deducted the full amount of his indebtedness.

Mr. Huston: Yes.

Senator Bailey: That satisfied his mind that he owned property for tax purposes of less than \$5,000. That is your contention?

Mr. Huston: That is exactly our contention.

Senator Bailey: That is his case.

Mr. Huston: I think he acted in good faith.

Senator Bailey: All right.

Senator Johnson: (Colorado) But that is the value that his family placed on this property, \$50,000.

Mr. Huston: The trading value at that time.

Senator Johnson: (Colorado) At the time he purchased, he figured one-fourth of it was worth \$12,500.

Mr. Huston: He bought the printing plant at the same time. He bought not only the interest in the real estat,

but also bought the interest in the printing plant for the same consideration.

Senator Johnson: (Colorado) But that property was worth \$50,000 at that time.

Mr. Huston: Well, the printing plant and the property together, I would say, yes.

Senator Johnson: (Colorado) His brother's interest, which was one-fourth, was worth \$12,500.

Mr. Huston: I would say the two properties were worth \$50,000, the printing plant and the real estate and building.

Senator Johnson: But he owned them both.

Mr. Huston: Yes.

Senator Bailey: Senator Johnson, if you take it the other way around, if the tax assessor had taken their view it would have been necessary for the tax assessor to list the value above the appraised value.

Mr. Huston: Yes.

Senator Bailey: He had to follow a consistent theory of tax valuation all the way through.

Mr. Huston: As to that, and on the question of good faith, he made these applications for an exemption in 1930, they were granted in successive years, and appearing before the assessor and claiming the exemptions, fully realizing that this assessor was sufficiently familiar with his affairs, there is nothing that Mr. Leake could say to him

that would deceive him either as to his assets or his values.

Senator Bailey: You have got a further consideration, then, of agreeing that he acted in good faith, and agreeing also it was not exactly in accord with the values.

Mr. Huston: Not the intrinsic values, but it was in accord with the assessed values.

Senator Bailey: You are satisfied that if he made a mistake he made it in good faith, and if he made the mistake in good faith he should make a full disclosure and say, "I owe you \$300 or \$400. Here it is." He would do that, would he not?

Mr. Huston: Easily and quickly.

Senator Johnson: (Colorado) Did your paper boost this assessor and build up his popularity by continually boosting him?

Mr. Leake: No, Senator Johnson.

Mr. Huston: You did not write any editorial about him?

Mr. Leake: I do not think we had any editorial, to my knowledge, about this particular assessor, for years and years.

Mr. Huston: I can say this on that particular subject, Senator Johnson, Mr. Hillhouse did not need any boosting.

Senator Johnson: (Colorado) I never heard of a man that did not need a little boosting. Papers are pretty good media for boosting, or vice versa.

Mr. Huston: I mean to the extent there had to be an

active newspaper campaign made for him.

Senator Johnson: (Colorado) What were this assessor's politics?

Mr. Huston: He was an old line Virginia Democrat.

I want to add this further observation in regard to intent. When you come right down to this question of intent, as I started to say, having acted upon this assumption in 1930, it having been accepted and acted upon by the assessor, and that practice followed down through these three other years, it is only reasonable to argue that Mr. Leake acted in utmost good faith, he believed he acted in utmost good faith; otherwise, the assessor would not have granted his exemptions, because there is a lot of discretion in the assessor in determining these questions of value. The law gives them a right to investigate and to inquire, and all those things.

Senator Bailey: I think the ablest lawyer in North Carolina, about the wisest man, said to me in 1931 that any man who owed as much as \$50,000 was already broke, no matter how much he had, because of the difficulty of getting money.

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Mr. Huston: We had exactly that situation. You might have \$100,000 worth of property and you might have a debt of \$25,000, and in our country, where the banks were closed, the banks would not lend you a dollar on anything. Everything was reduced to a minimum. If you had a mortgage and your interest was accruing, you could not pay your interest, you could not pay the taxes.

Senator Bailey: As a matter of fact, you could not get any money.

Mr. Huston: You could not get any money. One year there they reached the condition where a farmer could not go to the bank and borrow \$500 to put his crops in.

Senator Bailey: I remember all those things.

Senator Johnson: (Colorado) What date in 1931 was the affidavit made claiming the exemption of \$1,000?

Mr. Huston: In 1931?

Mr. Leake: I did not claim any exemption in 1931.

Mr. Huston: No, in 1931 he did not claim any exemption. He claimed it in 1930, 1932, 1933, and 1934.

Senator Johnson: (Colorado) What were those dates again?

Mr. Huston: 1930, 1932, 1933, and 1934.

Senator Bailey: They are the only years in question?

Mr. Huston: They are the only years in question.

Senator Johnson: (Colorado) Are these calendar years?

Mr. Huston: From an assessment standpoint, the taxable

year in California is as of the noon on the first Monday of March.

Senator Johnson: (Colorado) Is the assessment on the value based on the calendar year?

Mr. Huston: The assessment is on the value of the property that you own at noon on the first Monday of March.

Senator Bailey: Well, on the first Monday of March, 1933, there was not anybody worth anything that I know anything about. In 1934, he was worth a little more, but I think in 1932 we were all in a hopeless situation. In 1931 we had a little hope of turning the corner, which we never found.

Mr. Huston: I remember in March, 1933, I had to come to Washington and had to find a party that had some money in the can to pay carfare. There were no banks. You had property but you could not realize on the value. I do not think anybody knew where he stood during that depression. If you had the same property that you had at the time of the crash you were still broke.

Senator Bailey: And then if you owed money it was a question whether you were worth anything.

Mr. Huston: Now, this other question incidentally comes up as to his honorable discharge. Of course, that is another question.

Senator Bailey: He was properly discharged.

Mr. Huston: Without arguing that point, I am going to

submit to you certain document from the Navy Department which I think covers it. I first want to offer you a certified copy of a letter addressed to the Navy Department on November 21, 1930.

(The letter referred to is as follows:)

AMERICAN LEGION

Yolo Post No. 77, Woodland, Calif.

Commander

Adjutant

A. C. Huston, Jr.

O. B. Kirk

November 21, 1930.

Bureau of Navigation,

Washington, D. C.

Gentlemen:

Would you please send me information if any of Paul R. Leake who was supposed to have enlisted in some branch of the Navy. If he did, did he take an oath or receive a discharge from any branch of the Navy.

He was supposed to have enlisted from Woodland, Yolo, Co., California.

Cordially yours, I am,

/s/ O. B. Kirk, Adj. Yolo Post #77.

American Legion, Department of California.

Certified to be a true copy:

C. B. Hatch, Lieut. Comdr. USNR.

Mr. Hutson: I now offer a certified copy of the Navy Department's reply to that letter, dated December 3, 1930:

(The letter referred to is as follows:)

Nav-642-LR

184-88-13

3 December 1930.

Subject: Leake, Paul Raymond, Ex-A.S., USNRF.
Naval service of.

Sir:

Replying to your letter of 21 November 1930, the records of the Bureau show that the above named man enrolled in the U.S. Naval Reserve Force in 18 September, 1918; performed no active duty during the World War; disenrolled 1 October 1920, with an Honorable Discharge, as an Apprentice Seaman from the Twelfth Naval District, not having performed active duty.

There is forwarded herewith an application for certificate in lieu of discharge, to be filled in by Leake, according to the instruction printed thereon. Upon receipt of the application, properly completed, a certificate of discharge will be forwarded, as requested.

Respectfully, F. B. Upham, Chief of Bureau.

C. B. Hatch
By Direction.

Enclosure #19545

Certified to be a True Copy.

C. B. Hatch, Lieut. Comdr. USNR.

O. B. Kirk, Adjutant,
Mlo Post #77,
Woodland, California,

Mr. Hutson: Now, with the permission of Mr. Buck I am offering a letter addressed to him on this subject, signed by the Secretary of the Navy. Mr. Buck's letter of transmittal reads:

"Honorable Josiah W. Bailey

United States Senate

Washington, D. C.

My dear Senator:

I beg to hand you herewith for inclusion in the record in the case of the nomination of Paul R. Leake to be Collector of Customs at San Francisco, a letter from Secretary of the Navy Charles Edison.

This letter was received in response to my request for information as to how the Navy Department defines the word 'veteran'. I believe the letter clearly disposes of the question that has been raised before your subcommittee, as to whether or not Mr. Leake was entitled to consider himself an honorable discharged veteran.

Sincerely yours, Frank H. Buck."

Now, the letter from the Navy Department reads:

"February 3, 1940.

"My dear Mr. Buck:

"Reference is made to your letter of February 1, 1940, in which you request information as to the definition of the word "veteran." It is noted that this information is desired

for use in connection with a hearing before the Senate Finance Committee, which will be held February 5, 1940, on the nomination of Paul Raymond Leake, Woodland, California, to the position of Collector of Customs, San Francisco, California, to the position of Collector of Customs, San Francisco, California. It appears that it is contended that Mr. Leake should not be confirmed for the reason that he has claimed and received an exemption of state and county property taxes on the ground that he was an honorably discharged veteran.

"The records of the Navy Department show that Paul Raymond Leake was enrolled as an apprentice seaman in the U. S. Naval Reserve Force on September 18, 1918, on which date he executed the required oath and became a member of the U. S. Naval Reserve Force. He was under orders to report for active duty on November 27, 1918, and further transfer to the Navy Yard, Mare Island, for instruction and training at the Officers' Material School. These orders were revoked, however, in view of the changed conditions resulting from the signing of the Armistice. Leake was not thereafter ordered to active duty at any time. He was disenrolled from the Naval Reserve Force on October 1, 1920, his disenrollment being equivalent to a discharge from the naval service under honorable conditions.

"From the time Leake executed the oath under his enrollment he was a member of the naval service even though he did not in fact perform active duty under his enrollment. He was sub-

ject to orders and would have been amenable to disciplinary action under the laws and regulations for the government of the Navy in the event of failure to comply with competent orders of his superior officers.

"The question as to whether or not a person is a 'veteran' within the meaning of any law depends upon the wording of the law in question and is a matter for determination by the department of the government or other agency having the duty of administering the particular law.

"The Navy Department would have no jurisdiction to determine the question as to whether Mr. Leake is a veteran under any law of the State of California, and consequently no opinion may be rendered in this connection. I regret, therefore, that it will not be possible for me to express an opinion in the premises. However, for your information, the term 'veteran' was defined in section 2 of the World War Adjusted Compensation Act (United States Code, Title 38, section 592) as including 'any individual, a member of the military or naval forces of the United States at any time after April 5, 1917, and before November 12, 1918.' Excepted from the definition are persons discharged under other than honorable conditions, conscientious objectors, under certain conditions, and aliens discharged on account of alienage.

"Sincerely yours, Charles Edison."

That is about all we care to say on this subject of hon-

orable discharge.

Senator Bailey: I think, speaking for myself, you can dismiss that from your mind.

Mr. Huston: What is that?

Senator Bailey: You can dismiss that. The point there was he claimed his exemption on the theory he was within this act when, as a matter of fact, he was not within it. In regard to his honorable discharge, no one said here that he was dishonorably discharged.

Mr. Huston: Senator Downey's theory, as I understand it, was that because he had not received what is usually called an honorable discharge in the Army service, that he was, therefore not honorably discharged.

Senator Johnson: (Colorado) As I understood Senator Downey, if you will pardon me --

Mr. Huston: (interposing) Certainly.

Senator Johnson: (Colorado) His ground was since Mr. Leake did not continue in the American Legion, he dropped his membership in the American Legion, that he discovered he was not a veteran and he still made these claims after he knew he was not a veteran.

Mr. Huston: He made that statement, too, but he had the other suggestion in the record, that not having received what was commonly understood as an honorable discharge, as used in Army circles, he knew he was not entitled to it. Then he

raised the additional point that because he had been expelled from the American Legion that, in itself, should have carried notice to him that he did not have an honorable discharge.

Senator Bailey: There was no allegation he was expelled on that ground, and there was no allegation that he was expelled. The allegation was he ceased to be a member. There is no explanation given beyond the fact he found out he was not entitled to membership, that was on the ground he served in the naval reserve which was not a branch of the armed forces, it was a preparatory branch. You go right there again now to the question of good faith. I think you may agree that a man who joined the Naval Reserves is not entitled to this exemption.

Mr. Huston: Perhaps so.

Senator Bailey: But Mr. Leake thought he was.

Mr. Huston: I think under the California court's interpretation, the courts have never drawn the line there on active duty.

Senator Bailey: It was an old Civil War provision, and it was brought down by an amendment to include the World War.

Senator Johnson: In the Civil War?

Senator Bailey: Yes, for the benefit of the Civil War veterans, the G.A.R.

Mr. Huston: Probably following the SpanishAmerican War. I would like to ask Mr. Leake about his retirement from the

Legion. What were the circumstances surrounding your retirement from the Legion? Did the Legion ever send you any communication?

Mr. Leake: I have since, gentlemen, had some Legion membership cards, - I take it to be that, - sent to me. That shows that in 1926, - which seems to be the first one that I have, - they had a membership drive and came to me and asked me to join the American Legion. I gave them my money and joined the American Legion. I do not remember ever having attended a meeting. I just joined to help out. I notice that in 1928 I have another American Legion card. It seems I must have paid my dues even in 1928. I haven't anything for 1927. I do not know whether that was lost or not, but I at no time had any idea that I had been expelled.

Senator Bailey: You were not expelled. There is no allegation that you were expelled.

Mr. Huston: The evidence is he was not expelled, signed by two commanders.

Mr. Leake: As a matter of fact, as a newspaper man, I felt rather badly scooped. I had to come back here to Washington to find out that there had been a fuss about this thing.

Mr. Huston: As a matter of fact, Mr. Leake, you ceased paying dues?

Mr. Leake: Yes.

Mr. Huston: There never was anything that transpired between you and the Legion with reference to your retirement?

Mr. Leake: There was nothing ever said to me about it.

Senator Bailey: Have you a card for 1928?

Mr. Leake: Possibly I have, Senator. Those are the only cards that I found.

Senator Bailey: This states that he was "in good standing at the Yolo Post located at Woodland, California, June 11, 1928," signed by the Post Adjutant.

Mr. Leake: Do you have the card for 1926 and 1928, Senator?

Senator Bailey: Yes.

Mr. Leake: Here is another one for 1929.

Senator Bailey: Dated December 29, 1926, and signed by the Post Adjutant.

Mr. Huston: These cards show when he took his first exemption there he was a member of the Yolo Legion Post, his dues were paid up, so he could not have been actuated by anything that is suggested by the junior Senator from California.

Senator Bailey: I think we ought to have the record show he was a member in 1926 and also in 1928.

Mr. Huston: You can file them if you wish.

(The membership cards referred to are as follows:)

Senator Johnson: (Colorado) At the termination of your membership in the American Legion, the matter of your ineligibility never came up?

Mr. Leake: Never came up.

Mr. Huston: Like in any lodge, you just stopped paying dues and dropped out?

Mr. Leake: Just stopped paying dues.

Mr. Huston: In addition to that, I want to offer as a part of the record the endorsement of the Democratic County Central Committee of Sutter County, California, which is an adjoining county to Mr. Leake's place of residence, and I have a carbon here of a resolution passed by the Democratic Central Committee of Yuba County, another neighboring county. This resolution was sent to the President and a carbon copy forwarded to us.

(The papers referred to are as follows:)

RESOLUTION

Whereas President Franklin D. Roosevelt has submitted the name of Paul R. Leake of Woodland, California, to the United States Senate as his choice for the position of Collector of the Customs at San Francisco, California, and

Whereas Mr. Leake is a man of high capabilities, honesty and integrity, possessed of all the educational, mental and moral qualifications to render his handling of the office such as to reflect credit to the governmental service and to the

Administration of the President, and

Whereas Mr. Leake has always stood at the forefront among Democrats of California in his devotion to the party and his support of its principles and has been second to none in his loyalty to the President of the United States, and

Whereas the Sutter County Democratic Central Committee is convinced that the best interests of good government of the State of California and of the Democratic Party will be served by the early confirmation of the appointment of Mr. Leake, now, therefore,

Be it resolved, that it is the earnest recommendation of the Sutter County Democratic Central Committee, in regular session assembled, this 24th day of January, 1940, that the Senate of the United States approve, without delay, the action of President Roosevelt in nominating Mr. Leake for the office of Collector of the Customs at San Francisco.

Mrs. Harold W. Moore,

Secretary.

225 D Street
Marysville, California.
January 29, 1940.

To His Excellency,
President F. D. Roosevelt,
Washington, D. C.

Dear Mr. Roosevelt:

We the Yuba County Democratic Central Committee submit a

Resolution to the United States Senate, endorsing Paul R. Leake, of Woodland, as our choice for the position of Collector of the Customs at San Francisco, California.

Yours truly,

J. W. Watson, Chairman
Yuba County Democratic
Central Committee

T. F. Fogarty, Secty.
Yuba County Democratic
Central Committee

(Attachment)

RESOLUTION

Whereas President Franklin D. Roosevelt has submitted the name of Paul R. Leake, of Woodland, California, to the United States Senate as his choice for the position of Collector of the Customs at San Francisco, California, and

Whereas Mr. Leake is a man of high capabilities, honesty and integrity, possessed of all the educational, mental and moral qualifications to render his handling of the office such as to reflect credit to the governmental service and to the Administration of the President, and

Whereas Mr. Leake has always stood at the forefront among Democrats of California in his devotion to the party and his support of its principles and has been second to none in his loyalty to the President of the United States, and

Whereas the Yuba County Democratic Central Committee is convinced that the best interests of good government, of the State

of California and of the Democratic Party will be served by the early confirmation of the appointment of Mr. Leake, now, therefore,

Be it resolved that it is the earnest recommendation of the Yuba County Democratic Central Committee, in regular session assembled, this 25th day of January, 1940, that the Senate of the United States approve, without delay, the action of President Roosevelt in nominating Mr. Leake for the office of Collector of the Customs at San Francisco.

Mr. Hutson: I understand, gentlemen, that there are a great many endorsements and that some of them have come in here from committees, organizations, and others, and if it is permissible and within the limits of space, we would like to have those endorsements included in the record when it is made up in this matter.

Senator Bailey: We want to give Mr. Leake a full showing before the Senate; at the same time, we hope not to make too thick a record, on several grounds: one is the expense, and the other is that no one is liable to read it.

Mr. Huston: It will have to be within limits of reason. Our thought is simply this: it is not to be assumed that a man who stands vouched for before this committee as Mr. Leake has would be resorting to a practice, as charged by the junior Senator, to save \$25 or \$30 a year.

Senator Bailey: There are too many organizations and prominent persons who have testified to his character and to his standing in the community, in addition to Senator Johnson of California, to make that an issue now. His character has got to be impeached before that is made an issue. He is vouch- ed for first by the Secretary of the Treasury, second by the President of the United States, and, third, by the senior Senator from California. Now, that has got to be rebutted. You can corroborate all you please, but until somebody shows something to the contrary, he stands here as a man of good character.

Mr. Huston: That is the presumption of law also, as you know.

Senator Bailey: And I should have also mentioned the Congressman from his district here.

Mr. Huston: He perhaps should undertake that job.

Senator Bailey: He will vouch for him.

Mr. Huston: Now, gentlemen, there are a few things in regard to this constitutional amendment that I think might be helpful to you.

Senator Bailey: Senator Downey did not attack his character when he made his first allegations.

Mr. Huston: No, I think Senator Downey's attack increased as he received letters from Mr. Leake's enemies.

Senator Bailey: As he said, he was not attacking his char-

acter or qualifications other than the fact that the man who wrote that editorial would have the question raised by the editorial itself, some question of his qualifications. That was the whole summary of it. I know whatever a man writes in an editorial has nothing to do with his moral character.

Senator Johnson: (Colorado) Are you going to offer any more testimony concerning these other years, concerning 1932, 1933, and 1934?

Mr. Huston: Each year is covered, Senator, because you have the tax receipts for each year in the record, you have the indebtedness of Mr. Leake in each of those years on the first Monday of March.

Senator Johnson: (Colorado) When was this \$12,500 paid off?

Mr. Huston: That \$12,500 was paid off in February, 1933, and that was paid off by Mr. Leake borrowing \$10,375 from his mother, which was subsequently paid off after the first Monday of March in 1934, to wit, March 8.

Senator Johnson: (Colorado) What day in March, 1934, did Mr. Leake make an affidavit to the assessor that he had property worth less than \$5,000?

Mr. Huston: His affidavit would be later than that, but of course this affidavit is with reference to his condition as on the first Monday in March, the assessible date.

Senator Johnson: (Colorado) On the first Monday of March

he either had the \$10,375 in cash or in the bank, or some other place. He just did not get it out of the blue sky on March 8.

Senator Townsend: He borrowed it from his mother.

Senator Johnson: (Colorado) No, he paid her in 1934, he paid her on March 8, 1934, and on March 1, 1934 he made an affidavit that he did not own \$5,000. Now, where did this \$10,000 come from?

Mr. Huston: He did not pay her \$10,000, he paid her \$3,375. He gave her a note for \$7,000, which was subsequently paid in March, 1935. So during this whole period of time he had these obligations.

Senator Johnson: He had some of the obligations. Getting back to the \$7,400 loan, on July 21, 1931 he paid off \$1500 on that loan. When did he pay off the balance?

Mr. Huston: He paid it off in this same time that he paid this other loan, when he borrowed the money from his mother.

Senator Johnson: (Colorado) When he borrowed money from his mother he borrowed \$10,375 from his mother to pay off \$12,500 plus \$5,900?

Mr. Huston: Yes.

Senator Johnson: (Colorado) In other words, he paid off with this \$10,375 an indebtedness amounting to \$18,400.

Mr. Huston: Yes. He must have used other money in addi-

tion to that.

Senator Johnson: (Colorado) And still at the same time, at the same moment almost, he declared he was not worth \$5,000.

Mr. Huston: Based on assessible values.

Senator Johnson: (Colorado) Yes, but how about the cash he had on hand?

Mr. Huston: His cash is not assessed.

Senator Johnson: Cash is not property then?

Mr. Huston: It is not assessed in our country.

Senator Bailey: You list no cash on hand or in the bank?

Mr. Huston: I want to say we haven't any listing, or nobody pays any attention to it.

Senator Johnson: (Colorado) Do I understand you to say that a man could make an affidavit that he did not have \$5,000 worth of property and have actually \$10,000 in cash at the moment?

Mr. Huston: Yes. Cash is not assessible property.

Senator Johnson: (Colorado) If it was in cash?

Mr. Huston: It is not assessible property.

Senator Johnson: (Colorado) I do not know whether it is assessible property or not.

Mr. Huston: Well, it was not on the roll.

Senator Johnson: (Colorado) That does not mean anything. It may mean that it is hidden.

Mr. Huston: There has been no taxation of cash in all my experience.

Senator Johnson: (Colorado) Then your presumption would be that if a man had all his property in cash he would not have \$5,000?

Mr. Huston: In assessible property.

Senator Townsend: And he paid no taxes?

Senator Johnson: (Colorado) And he could make an affidavit that he had no \$5,000?

Mr. Huston: In assessible property.

Senator Johnson: (Colorado) That he does not own \$5,000 worth of property?

Mr. Huston: Yes, but the property referred to is the property referred to in the constitution, and that is taxable property.

Senator Johnson: (Colorado) I am not fortunate enough to have been a lawyer, and I do not follow your reasoning at all.

Senator Bailey: It is addressed to good faith rather than value.

Mr. Huston: I am only arguing this, Senator, that when a taxpayer is in Mr. Leake's position here it is wholly a question of his intent. Now, his intent is based upon his understanding. If his understanding is erroneous it is still honestly erroneous, it is not a fraudulent intent.

Senator Bailey: What would you say about this: suppose I had been in California and had \$10,000 cash listed, then I would have had to pay 4 percent?

Mr. Huston: On that year.

Senator Bailey: And the savings bank paid me 2 percent. I would be losing 2 percent a year just for owning the money.

Mr. Huston: That is exactly it. That is one of the strange things of taxation.

Senator Bailey: I might suggest that in North Carolina taxes have been made very low on those things, so low that everybody pays, and we get a very nice revenue from it.

Mr. Huston: I think this question of intent is fully and clearly shown by the practice of the United States income tax department. Simply because you claim something in your return in the way of an exemption to which you are entitled, or a deduction to which you are entitled, the fact that you have even unlawfully or erroneously claimed it is taken as no evidence of fraudulent intent.

Senator Bailey: What we deal with is statutory income, it is not the actual income. You are dealing with statutory value, not actual value.

Mr. Huston: To illustrate my point, to give you a personal experience, I had taken out depreciation on all of my farm improvements, have been doing it for a period of years on the basis of 10 percent a year, and then the auditor came

in one day and he said, "Well, you have got a deduction here of 10 per cent for improvements. You already got 10 of those. You haven't got any improvements."

Senator Bailey: That means you are a dirt farmer and not a gentleman farmer.

Mr. Huston: The minute the collector said the building was worth \$5,000, I said it was not worth anything. It only shows how many of us make mistakes in all this taxation business, particularly this income tax.

Senator Bailey: If you list your money in the bank, where the tax rate is 4 percent, you have exposed yourself to a capital levy.

Mr. Huston: Yes.

Senator Bailey: All you would have to do is hold the money for 40 years and you would have none.

Mr. Huston: Yes.

Senator Johnson: (Colorado) As I understand your testimony, in 1934 Mr. Leake was practically insolvent, practically bankrupt, did not have \$5,000, but at the present time he is worth \$65,000.

Mr. Huston: No, I do not claim that.

Senator Johnson: I understood that was the testimony. Will the income tax schedules show that he has made an income of \$65,000 since 1934?

Mr. Huston: I cannot say that. I have not examined it.

Senator Johnson: (Colorado) It should show that.

Mr. Huston: It should show what his earnings are.

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Senator Bailey: He can have an increment in the value of his land.

Mr. Huston: You must remember there has been a material increase in values since 1933 and 1934. I want to make this clear to you, Senator. It is natural for you to go back to the question of values, mercantile values, market values, and those things. It is not our claim that he did not have more than \$5,000 in property based on that method of value.

Senator Johnson: (Colorado) What do you claim he had?

Mr. Huston: I do claim that he had less than \$5,000 based upon the valuations appearing on the assessment roll, less his debts.

Senator Johnson: (Colorado) But based upon actual value, what do you claim it is?

Mr. Huston: I could not say, only from his statement. I say the actual value is not the factor in the assessment proceeding.

Senator Johnson: (Colorado) But according to the actual value in 1932, as nearly as I can follow the testimony, the payments back and forth having been made, Mr. Leake was worth something in the neighborhood of \$30,000.

Mr. Huston: Not figured on the assessed values.

Senator Johnson: I am talking about actual values. They were not less than \$30,000.

Mr. Huston: I repeat, I am claiming here, on this issue

of fraudulent intent --

Senator Johnson: (Colorado) (Interposing) Are you admitting how much his actual value was?

Mr. Huston: Mr. Leake admitted in his former testimony, without admitting how much, that so far as the actual values as distinguished from assessed values were concerned, he probably had more than \$5,000.

Senator Johnson: (Colorado) How much more?

Mr. Huston: Probably \$15,000 or \$20,000, anyway.

Senator Johnson: (Colorado) Probably \$30,000?

Mr. Huston: That is a matter of estimate.

Senator Johnson: (Colorado) That would be in 1932.

Mr. Huston: I would not hazard a guess on that. Then the question comes in as to how much loss he had taken out at that time. I come back to the proposition that the sole question before this Committee is the one that determines the issue of fraudulent intent. There is no fraud without an intent. There is no crime without an intent. While Mr. Leake might have made a mistake, while he may have acted upon an erroneous assumption, he has testified here that he acted upon the assumption that he was entitled to an exemption based upon the difference between the assessed value and what he owed.

Now in connection with that, I emphasize this point: He must have acted on that assumption, and the assessor must

have acted on that assumption; otherwise, this exemption would not have been granted. Now I say, fairly and frankly to the Committee, as I said before, and as Mr. Leake has testified, that we are basing our position on the proposition that he went over there as a discharged soldier, checked that tax roll roughly, perhaps, and he said, "If I pay my debts I am not worth \$5,000." He made that statement to the assessor and the assessor gave him his exemption. That is the only analysis I can make of this thing, coupled with this, I do not think it is fair to assume that a man whose moral character is unquestioned, whose business standing is unquestioned, would be guilty of a fraudulent act to save \$30 or \$40 a year.

Senator Johnson: (Colorado) He might have told the assessor if his debts were paid he would not own \$5,000, and yet what did he tell the banker almost at that identical time? He had one story for the assessor and another story for the banker.

Mr. Huston: He was dealing with the banker on the basis of market values, at least presumably.

Senator Johnson: (Colorado) Let us talk about it on the basis of actual value.

Mr. Huston: That was presumably to get a mortgage. He was dealing with the assessor on the basis of the assessed value. That is just the sharp line of distinction here.

Senator Johnson: (Colorado) You deduct the debts on an

actual basis.

Mr. Huston: Yes, but for the purpose of ascertaining his net worth in connection with taxes, you take his net worth based upon taxable values. Otherwise the assessor could not have granted this exemption. It is apparent whatever statement was made by Mr. Leake to the assessor was sufficient to convince the assessor that he was entitled to this exemption. If we are to imply that Mr. Leake was derelict in taking the exemption, you have got to make the corresponding inference that the assessor granted it to him either fraudulently or erroneously. Of course there is no element of that in the assessor's conduct.

Senator Johnson: (Colorado) The assessor is not before us. That is for the people of Yolo County, to decide about him.

Mr. Huston: The assessor has a letter here. I have an idea that they had their own methods of doing these things. They are right or wrong, legally or illegally, but I attempted to demonstrate to the Committee this morning that Mr. Leake's actions were based upon a factual situation as to the condition of his business corresponding with the assessed value.

With reference to this amendment, I would like to ask a few moments.

Mr. Buck: Mr. Chairman.

Senator Bailey: Mr. Buck desires to make a statement.

He has got to go back.

Mr. Buck: I realize I am only here by the courtesy of the Subcommittee, but it seems to me I might make an observation, or perhaps ask Mr. Huston a question that might clarify what is in the mind of the Senator from Colorado about the cash.

Now cash may be listed or may not, according to whether one makes out a tax return. Sometimes some of us haven't made tax returns for years, just submitted to an arbitrary assessment by the assessor. That is the only penalty that there is in California law. On the other hand, if it is listed it is a fact, is it not, Mr. Huston, that all debts owed to bona fide citizens of the State of California are deductible and can be used to wipe out that cash in the state?

Mr. Huston: Yes.

Senator Johnson: (Colorado) This is my difficulty, Mr. Buck: here is a man coming in claiming an exemption because he owes \$12,500 and at the same time he has \$12,500 cash in his pocket.

Mr. Buck: They cancel each other.

Senator Johnson: (Colorado) Then he does not have an exemption, does he?

Mr. Buck: I do not know what he is worth, of course.

Senator Johnson: (Colorado) This is the proposal: here we have real estate which is, using round numbers, worth, we

will say, \$30,000, and there is an indebtedness against that real estate of \$12,500.

Mr. Buck: Yes.

Senator Johnson: (Colorado) The owner has \$12,500 in cash in his pocket at the time and yet he does not recognize that he has \$12,500 in cash, but he takes the full \$12,500 that he owes away from his assessed valuation.

Mr. Buck: Of course I have not had the benefit this morning of hearing the actual figures. I do not know whether that is the fact.

Senator Johnson: (Colorado) I just want to call your attention to the fact that you missed the point in this argument.

Mr. Buck: Probably I have, because I was not here earlier. What I am merely saying is, you can deduct all the debts legally under the laws of the State of California and set them off against your solvent assets.

Senator Bailey: Against your solvent credits.

Mr. Buck: Yes, against your solvent credits.

Senator Johnson: (Colorado) Not against your real estate?

Mr. Buck: Without going into the question of whether you are worth \$5,000 or not.

Senator Johnson: (Colorado) You cannot do that against your real estate, Mr. Buck, under the laws of California?

Mr. Buck: No.

Senator Johnson: (Colorado) That is what Mr. Leake has done.

Mr. Buck: I agree with Mr. Huston in this respect: I think the charge made by the junior Senator from California is one that involves fraudulent intent, not a question of misinterpretation of law. That, it seems to me, in line with what the Chairman stated just a few minutes ago, is the only problem that you gentlemen have got to consider, is whether fraudulent intent, fraud is actually charged or proved. Mr. Leake is presumed to be a satisfactory nominee of the President. I do not see myself how there has been any element of fraud proved. I might quite agree with the Senator that some bad judgment was used, or that there were some very serious errors of computation, but I do not see where there was any fraud shown. That is a question for you. That is all, as far as I am concerned.

Mr. Huston: As I take it from the suggestions made this morning, this question of eligibility because of active service and honorable discharge had gone out of the case, under the Navy Department's letters.

Senator Bailey: As far as the American Legion was concerned, they do not go into all the details. I do not think the whole matter is gone into. So far as the honorable discharge is concerned, my mind is satisfied, and so far as

the membership in the American Legion is concerned, my mind is satisfied. I think you might say that he, in good faith, claimed the exemption so far as the soldier or sailor service is concerned, on the ground he thought he was discharged from the Naval Reserve. That would be independent of whether he joined the Legion or not. That would be on the basis of the service. We are not going to make any conclusion, so far as I am concerned, on that. We have heard you, we have heard Mr. Leake, we have heard Mr. Downey. I think under any circumstances Senator Downey would have a right to come back here and explore all these things that have been said today and cross-examine Mr. Leake.

Senator Johnson: (Colorado) I would like to interrupt just once more to clear up this one point I have in mind. Can you give us a calculation of the assessed valuation in 1934 less the debt that Mr. Leake claims he owed in 1934? Now what was his total assessed valuation in California?

Mr. Huston: I would have to have the receipts.

Senator Johnson: (Colorado) Under the various names in which his property appears on the tax rolls.

Mr. Huston: I will give you the method that I have adopted for the purpose of trying to compute what his net worth was in 1934 based upon the proposition of assessed value. Taking into consideration the fact that as to one-third of the plant it was virtually not his, because of his

mother's reservation, charging him with two-thirds of the value of the plant and the building. Now in 1934, his residence was assessed for \$1,365. The whole building was assessed --

Senator Johnson (Colorado): (Interposing) You mean the whole building?

Mr. Huston: The whole interest, taken as a whole.

Senator Johnson (Colorado): All right.

Mr. Huston: Was assessed at \$10,900.

Senator Johnson (Colorado): That is the building and the printing establishment?

Mr. Huston: The building itself. On the assumption that because of the reservation of the life estate his mother was, to all practical purposes, the owner of one-third, Mr. Leake would be then chargeable with two-thirds of \$10,900, or \$7,300. His printing plant was assessed for \$8,500, and charging him with two-thirds of that would be \$5,666. Then adding personal property, \$440, you have a total of property on the assessment roll as of the first Monday of March, 1934, \$15,183. On that date his mother's . On that date his mother's note of \$10,799 had not been paid, which, deducted from the other, gives you a net value of \$4,382.

Senator Johnson: (Colorado) But he had the money on hand to pay the note.

Mr. Huston: I do not know about that. He only paid the

\$3,000 in cash at that time.

Mr. Leake: There was still \$4,000 on the books.

Senator Bailey: What did he owe at this time?

Mr. Huston: I have not attempted to go into all that. All I am giving you is these well-established debts, not his general debts. At that time he owed his mother this note of \$10,799.

Senator Townsend: Was that the only debt he owed at that time?

Mr. Huston: He probably had other debts.

Senator Townsend: The bank had been paid?

Mr. Huston: That had been paid. From the standpoint of the basis of calculating his taxable resources, this is the most unfavorable year to Mr. Leake. He had the high balance this year, but remember in that year 1934 he did not pay his mother \$10,000, he gave her \$3,000, and he gave a note for \$7,000, and a year later that note was absorbed by giving her \$3,000 and giving her credit on the books of the corporation for the balance. It was not even paid in 1935.

Senator Bailey: Your contention is that in good faith he reached the conclusion that he was only worth \$4,200?

Mr. Huston: Our contention is on the basis he acted in good faith.

Senator Bailey: What he did was figure on the basis of

the assessed valuation and not the market value.

Mr. Huston: That is it exactly, that he acted in good faith.

Senator Bailey: He had a right to figure some other things in 1934.

Mr. Huston: Yes.

Senator Bailey: If anybody asked me what I was worth in 1930, 1931, 1932, 1933, 1934 and 1935, I would have cut it down very low, because things were not what they seemed in those days.

Senator Johnson: (Colorado) In 1932, Senator, when all these things you spoke of happened, Mr. Leake made a bargain with his brother, made a deal with his brother to pay him \$12,500 for one-fourth of his property.

Senator Bailey: I am not arguing that this was right, that that was on the market value or actual value. The whole contention here is, he acted in good faith, dealing in a tax matter on the tax value.

Mr. Huston: You have it right.

Senator Johnson: (Colorado) Yes, but you are contending now that property had no value during the years 1932, 1933 and 1934, and yet he paid \$12,500 for a one-fourth interest.

Senator Bailey: I am very much inclined to the view that if a man owed \$10,000 and had property worth \$40,000,

he was probably bankrupt. I saw many a man go broke on owning 25 per cent. Those men who were able to get through were very fortunate. Literally millions of men went into bankruptcy because they could not get cash.

Senator Johnson: (Colorado) Yes, but he got cash, he got \$12,500 and paid it for one-fourth of this property. Your remarks, of course, are general, but in this specific case he had property here that the bank considered worth \$50,000, and they loaned him \$12,500 to pay off his brother.

Senator Bailey: You missed my point. When he got cash he was still owing that to the bank. If he owed \$12,500 to the bank at that time and his property was worth \$40,000, he would have had to get relief momentarily, and he would not get relief when the note came due. That was the point. We were dealing with very difficult times.

Senator Johnson: (Colorado) Your conclusion would be he made a pretty bad bargain and the bank made a bad bargain when they made the loan of \$12,500 on that property.

Senator Bailey: I am not blaming a man for putting a very low valuation on his property in those times.

Senator Johnson: (Colorado) To the assessors?

Senator Bailey: Well, he ought to put it in his own mind too.

Senator Johnson: (Colorado) He put a high valuation on his property to the bankers.

Mr. Huston: That seems to be the old Spanish custom, to get past the assessor the best you can.

Senator Bailey: I do not know how it is in your own State, but in our City of Raleigh, we do not appraise on the market value, we appraise it under a system of uniform roll, that is, we appraise all alike. I think that is universal.

Mr. Huston: I wanted to read into this record an excerpt from a decision of one of the Appellate Courts of California as to what the legislative intent or the constitutional intent was as to who shall be included within the protection of this amendment. This case was decided in July, 1933, the case of Dooley vs. Johnson, 133 California Appellate, 459. Now this case involved the proposition of the man who enlisted between the date of the Armistice and the date of the peace treaty.

Senator Bailey: Let me see if I cannot save some time on that. I do not mean to put my associates on the spot, but are you gentlemen inclined to the question whether Mr. Leake was guilty of any fraudulent intent in his theory that by reason of having served in the Naval Reserve he was entitled to this exemption? Is that troubling you at all?

Mr. Johnson: (Colorado) Not in the slightest.

Senator Townsend: Not at all.

Mr. Huston: I do not need to bother with this, then.

Senator Bailey: I do not think you need go into that.

If you want to put the memorandum in the record for the benefit of the Senators who will read it, we will give you leave to put it in the brief. Some others may not be clear about that, but I am clear about that.

Mr. Huston: I haven't a great deal to say in addition to what I remarked during the course of the presentation. The Chairman has stated the situation, the issue here very clearly and very definitely. I think the approach to the determination of Mr. Leake's intent in this matter, both as a matter of common sense and as a matter of law, would be along legal lines.

Senator Bailey: Would not you say a man could perpetrate a fraud in a matter of taxation and still be a very good man?

Mr. Huston: Yes, I think we have millions of them in this country.

Senator Bailey: Technically.

Mr. Huston: Yes, I think so. I really think it is not considered a fraud to get rid of taxation, but would be rather a bad distinction.

Senator Bailey: It would not be fraud in the sense of moral turpitude, but it could be fraud. Fraud is intent to try to get something by way of deceit. A conclusion of fraud is never drawn by overt facts but is drawn by facts and circumstances from the whole case. You are a good lawyer. Am I right about that?

Mr. Huston: Yes, with this observation: regardless of what the acts may be or how mistaken they may be, yet there is no fraud unless the circumstances are such that you are required to deduce the inference of fraudulent intent. The legal rule in our State is that a man accused of fraud is entitled to the benefit of the old presumption of innocence. It even goes further than that, it lays down the rules on the trial courts in our State that in passing upon issues of fact pertaining to fraud if there are two inferences to be drawn from the facts, one in favor of corrupt dealing and one in favor of fair dealing, it is the duty of the court and jury to draw the inference of fair dealing.

Senator Bailey: That is on the presumption they are innocent.

Mr. Huston: Substantially it grows out of that presumption.

Senator Bailey: Yes.

Mr. Huston: I do not think there is any necessity for me to indulge in what might be called an argument. Your Chairman stated the issue. It boils itself right down to the proposition: Did Mr. Leake, when he claimed this exemption, believe and did he have any reasonable grounds to believe that he was acting upon the right assumption in claiming his exemption? The purpose of introducing these figures is not to leave the record as it was left at the

last hearing, with none of these other matters that we presented this morning. We have shown the assessment roll, we have shown his debts, we have shown that there was a reasonable basis in fact to support what he understood to be his rights in the premises. .

Senator Bailey: If he fell in with the general system of practice which was recognized in the State, even though it were unlawful, there would not be sufficient evidence of fraud to justify a finding.

Mr. Huston: And we may illustrate that point by the proposition of the mailing out of these lists. I know from my experience in the assessor's office in years gone by that you mail out thousands of them to every taxpayer, and you do not get 1 per cent back. Just taking that argument, if that were assumed, then 99 per cent would be assumed to do that out of a fraudulent intent.

Senator Bailey: A man who lists his taxes is not inclined to list them as other people list their property.

Mr. Huston: They want to save every dollar that they can.

Senator Bailey: They deal with Uncle Sam with the view that somebody checks them up two or three years later, but in these counties and cities, you put on the values and you say, "I will go along like everybody else does."

Mr. Huston: The supervisors approve them, you pay your

taxes and nothing else is said about them.

Senator Bailey: You put on your library that may cost \$4000 and you say \$400; then you have got a watch that cost you \$100 and you put down \$10; you have guns that may cost you \$150 and you say \$30. Is that the way they do in California?

Mr. Huston: That is the way they do everywhere. Every merchant does the same thing. You go to the tax roll and I would say every mercantile assessment is made along the same line.

Senator Bailey: I have dealt with taxpayers all my life, I have been one myself. My point is not that they are right, but that they could hardly be put down as having a fraudulent intent.

Mr. Huston: It is such a common practice. That is about all we have to add. I am just somewhat concerned, gentlemen, as to what future course this matter is going to take. In the natural order of things I do not think Mr. Leake should be submitted to a cross-examination unless he was represented. I realize we cannot do anything this week, but I hesitate to think of going to California and coming back here at some future date to be present when Mr. Leake is cross-examined.

Senator Bailey: Let me suggest that we invite Senator Downey and express the hope he be here tomorrow. If he comes

you can be here tomorrow?

Mr. Huston: Yes.

Senator Johnson: (Colorado) Senator Downey stated in his letter he would be satisfied, or at least I understood his letter to read that way, he would be satisfied, after reading this testimony given this morning, to submit a questionnaire to Mr. Leake in California, and that Mr. Leake prepare his answers to it, and that those answers and his questions be made part of this testimony.

Mr. Huston: That is entirely satisfactory.

Senator Johnson: (Colorado) That is what Senator Downey wanted done.

Mr. Huston: I would like to have a further understanding that when he submits these cross-interrogatories and sends them to California, that I have the right to question Mr. Leake as to those matters developed by Mr. Downey and include them in the form of a deposition.

Senator Townsend: You undoubtedly have that right.

Senator Bailey: Certainly.

Mr. Huston: If necessary, I can submit those cross-interrogatories, or my redirect examination of Mr. Leake to Mr. Downey before I include them in the deposition.

Senator Bailey: I do not think that is necessary.

Mr. Huston: Senator Downey can send a questionnaire to Mr. Leake with all his interrogatories. We can have Mr.

Leake answer them, and if I wish to add any additional questions I will add them to it, and then we will have him sign them and submit them.

Senator Johnson: (Colorado) Any additional questions might prolong it.

Mr. Huston: I will not ask additional questions except in connection with some new matter that Senator Downey may develop in his cross-examination of Mr. Leake.

Senator Bailey: When we adjourned the other day, I think we were on the point of this obnoxiousness in this editorial. It appears now you may be going back, Mr. Leake, to California. If so, do you wish to say anything about that?

Mr. Leake: Well, Senator, I thank you for the opportunity. I believe I have said about all that I have to say on the subject.

Senator Bailey: Let me ask you a question. Did you intend to impute anything like moral turpitude to Senator Downey?

Mr. Leake: No, I did not, Senator.

Senator Bailey: Did not you know, did not you realize the fact on which that editorial was based did not exist?

Mr. Leake: No, I did not at that time.

Senator Bailey: Don't you realize that now?

Mr. Leake: I will take Senator Downey's word for it. I said so the other day.

Senator Bailey: You attacked him first on the ground that he did not defend the Townsends. It appears he was not conspicuous, but he did defend the theory. That takes the ground from under your feet in what you said as to his silence, because he was not silent. He may not have defended them as vociferously as you say.

Mr. Leake: I notice in the transcript Senator Downey brought out the point when these other gentlemen at the convention made such a vociferous attack upon the President they made headlines, big streamers, and as a matter of fact he just got a little notice, and it was buried in the text of the story.

Senator Bailey: He did rise in the convention and say some man who defended the President had expressed his sentiments, and he went so far as to get a rebuke from Dr. Townsend, as I understood the statement. You went on the theory that he was utterly silent. As a matter of fact, the evidence is he was not silent. Everything you said was based on the theory of silence, and the fact is there was not silence.

Mr. Leake: I will say I accept his explanation of it, and that I was mistaken.

Senator Bailey: Then you would withdraw those imputations, would you not?

Mr. Leake: Yes, Senator, there is no question about

that.

Senator Bailey: Then that other allegation, where you made the statement that it has been said that all the Chambers of Commerce were supporting Mr. Buck, and then you dropped down a paragraph and said that the Townsendites could not hope to get anywhere by misrepresentation, lying, and that sort of thing. The imputation was that statement concerning the support of the Chambers of Commerce was a falsehood, but it appears here that, in all probability, all the Chambers of Commerce were supporting Mr. Buck. Senator Downey asked you that question and you said you did not know. Now it appears you thought that that was a misrepresentation of fact, and it turns out, as a matter of fact, the Chambers of Commerce were supporting Mr. Buck. That is no disgrace to Mr. Buck. They are very conservative, most of them. We have a big one here, they come up and make a big noise, but the little Chambers of Commerce in the towns of California and North Carolina are one of the most innocent things on earth. The point is, assuming that all the Chambers of Commerce were supporting Mr. Buck, you did not know it and you thought that was a misrepresentation and it was offered for the purpose of prejudice. That is what you had in mind. Would that justify the insinuation or the inuendo to the effect that the man who made the statement about the Chambers of Commerce was engaged in misrepresentation? Do you think

that would be justified?

Mr. Leake: Senator, I feel on that particular point now as I did then, that if I was wrong I want to make a correction. Naturally any newspaper man will willingly correct any error he made.

Senator Bailey: Suppose you were apprised of the fact that all the Chambers of Commerce did support Mr. Buok, suppose that should be disclosed to be the truth instead of a lie, would not you withdraw the whole statement?

Mr. Leake: I would be very pleased to.

Mr. Huston: May I interrupt? As I understand, these editorials were written in 1932.

Mr. Leake: They were not in connection with his Senatorial campaign. It was back in 1936 when he was running for Congress. I believe Senator Downey has had no objection to my method of conducting the editorial page in the paper in 1938.

Mr. Huston: What I was going to say is this: if these things were so far out of line as has been suggested, from the standpoint of a newspaper man, and carried such a high degree of irritation to Senator Downey, the fact Mr. Downey was making his headquarters a considerable portion of that time within 26 miles of Mr. Leake's newspaper and never called his attention to the matter of which he now complains, that is a circumstance to be taken into consideration.

Senator Bailey: I am not in favor of having to correct everything that has been said in the newspapers. There are too many newspapers. I am in favor of a very broad latitude for newspapers and editors. I happen to come from a State where the Supreme Court has held that if a man runs for office he may be falsely accused of murder. If he sues you for damages and he cannot prove that you uttered the statement, he cannot get anything out of you. That is the one time when a candidate offers himself for criticism.

I would not suggest to these editors and newspaper men that they run around and accuse us all of murder, but in North Carolina we think it is good law when we get to run for office we expose ourselves to everything that is subject to be said in the paper. The question of personal obnoxiousness is something else, and what it is remains to be disclosed. I really do not know myself. After nine years of it, I do not know what it is. What would be the effect in California if a man should be deprived of a Presidential appointment on the ground of criticism by a Senator? Would all the editors in California take notice that thereafter, if they had any political hopes, they better stop writing?

Mr. Huston: I think if all the editors would take that position most people familiar with the fact would naturally say it is passing strange if a man who aspires for public office and has criticized someone in a newspaper can be

debarred from being appointed to any position by the President.

I think that is all we have, Senator.

Senator Bailey: Do you intend to stay over until tomorrow?

Mr. Huston: I will wait over until tomorrow.

Senator Bailey: Mr. Johnston, will you notify Senator Downey that we will try to get the record to him at the earliest possible moment? Let him know that we appreciate the very great courtesy of his letter and consideration. If he wishes to have his cross-examination here tomorrow, we will be here. Is that agreeable to you, gentlemen?

Senator Townsend: I will try to be here.

Mr. Huston: We think it is extremely doubtful that Senator Downey would get out. What I was going to suggest, if you will adopt that procedure, I ask the courtesy of the clerk to inform us if Mr. Downey is not going to be here so we can get out reservation to get out of town.

Senator Bailey: Senator Downey says, "It is, therefore, satisfactory to me that the hearing proceed in my absence, but I desire to request of the Committee the following procedure: That if Mr. Leake desires to return to California before I can further question him, I shall have the privilege of submitting to him in California, written interrogatories which it shall be his duty to answer and return to the Com-

mittee."

What does the Committee say to adjourning with the view of closing the testimony and having Senator Downey file interrogatories in California, if these gentlemen wish to go back?

Senator Johnson: (Colorado) I would say that is the end of the hearing.

Mr. Huston: If he gets the interrogatories to us before we leave, we can sign them here.

I want to thank you gentlemen for the courtesy of appearing before you.

Mr. Leake: Before I depart I want to express my appreciation also.

(Whereupon, at 1:15 o'clock p.m., the hearing adjourned.)

- - -

Official Tax Receipt of Yolo County

FOR FISCAL YEAR BEGINNING JULY 1st, 1932, AND ENDING JUNE 30th, 1933.

R. W. WOODS, Tax Collector

WOODLAND, YOLO COUNTY, CALIFORNIA

Vol. and Page <u>City-133</u> DESCRIPTION OF REAL ESTATE	Sec.	Twp. R.	Range	Acres	Value of Real Estate	Value of Improvements	Value of Personal Property	First Installment	Second Installment
					\$	\$	\$	\$	cts. \$
The N. 96.6 Ft. of lot 10-Block 3- Freemans Woodland. Personal Property.					960.	10000.		8500.	
									59135 23180

beg - 463.60
beg - 359.55

823.15

School District Woodland Inside Tax Rate in School District 4.23

Assessed to Paul R. Leake & Aileen M. Leake

First Installment 591.35 Second Installment 231.80 Total Tax 823.15

10% Penalty _____ 5% Penalty _____

5% " _____ Costs _____

R. W. WOODS
COUNTY TAX COLLECTOR

NOV 14 1932

[Signature]

1407

First Installment Due November 1st and Delinquent December 5th, 5 P. M. Second Installment Due January 20th and Delinquent April 20th, 5 P. M.
 If December 5th or April 20th falls on Saturday, delinquency occurs at 12 o'clock noon of either day.
 Examine this receipt and see that your property is correctly described thereon.

Official Tax Receipt of Yolo County

FOR FISCAL YEAR BEGINNING JULY 1st, 1932, AND ENDING JUNE 30th, 1933.

R. W. WOODS, Tax Collector

WOODLAND, YOLO COUNTY, CALIFORNIA

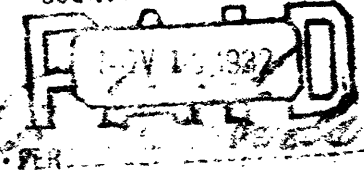
Vol. and Page <u>City 155</u> DESCRIPTION OF REAL ESTATE	Sec.	Twp. N.	Rng	Acres	Value of Real Estate	Value of Improve- ments	Value of Personal Property	First Install- ment	Second Install- ment
N. 41.25 Ft. of E. 155 3/4 Ft. of lot 1-Jeans Second Addition. Personal Property.					165.	1200.	530.	51.27	28.87
School District <u>Woodland Inside</u>	Tax Rate in School District <u>4.23</u>								

Assessed to Paul R. & Aileen M. Leake

First Installment 51.27 Second Installment 28.87 Total Tax 80.14

10% Penalty _____ 5% Penalty _____
5% " _____ Costs _____

R. W. WOODS
COUNTY TAX COLLECTOR



1408

First Installment Due November 1st and Delinquent December 5th, 5 P. M. Second Installment Due January 20th and Delinquent April 20th, 5 P. M.
If December 5th or April 20th falls on Saturday, delinquency occurs at 12 o'clock noon of either day.
Examine this receipt and see that your property is correctly described thereon.

Official Tax Receipt of Yolo County

FOR FISCAL YEAR BEGINNING JULY 1st, 1933, AND ENDING JUNE 30th, 1934.

R. W. WOODS, Tax Collector

WOODLAND, YOLO COUNTY, CALIFORNIA

Vol. and Page DESCRIPTION OF REAL ESTATE	Sec.	Twp. N.	Rang	Acres	Value of Real Estate	Value of Improvements	Value of Personal Property	First Installment	Second Installment
City-125 The N. 96.6 ft. of Lot 10 - Blk. 3 - Freemans Woodland. Personal Property.					960.	10000.	8500.	499.08	195.64
School District	Woodland Inside City.				Tax Rate in School District		3.57		

Assessed to Paul R. and Aileen M. Leake

First Installment 499.08 Second Installment 195.64 Total Tax 694.72

8% Penalty _____ 3% Penalty _____
 3% " _____ Costs _____

Shop 303.45
 Building 195.63
499.08

1449

First Installment Due November 1st and Delinquent December 5th, 5 P. M. Second Installment Due January 20th and Delinquent April 20th, 5 P. M.
 If December 5th or April 20th falls on Saturday, delinquency occurs at 12 o'clock noon of either day.
 Examine this receipt and see that your property is correctly described thereon.

Official Tax Receipt of Yolo County

FOR FISCAL YEAR BEGINNING JULY 1st, 1933, AND ENDING JUNE 30th, 1934.

R. W. WOODS, Tax Collector

WOODLAND, YOLO COUNTY, CALIFORNIA

Vol. and Page DESCRIPTION OF REAL ESTATE	Sec.	Twp. N.	Rngs	Acres	Value of Real Estate	Value of Improvements	Value of Personal Property	First Installment	Second Installment
N. 41.25 ft. of N. 133.3/4 ft. of Lot 1 - Jeans Second Addn. Personal Property.					165.	1800.			
							540.		
<u>\$1000. - Exemption deducted.</u>								4363	2437
School District	Woodland Inside City.				Tax Rate in School District <u>357</u>				

Assessed to Paul R. and Aileen M. Leake

First Installment 43.63 Second Installment 24.37 Total Tax 68.00

8% Penalty _____ 3% Penalty _____

3% " _____ Costs _____

TAX COLLECTOR
[Signature]

1448

First Installment Due November 1st and Delinquent December 5th, 5 P. M. Second Installment Due January 20th and Delinquent April 20th, 5 P. M.
If December 5th or April 20th falls on Saturday, delinquency occurs at 12 o'clock noon of either day.
Examine this receipt and see that your property is correctly described thereon.

1926
OFFICIAL MEMBERSHIP CARD

No. 97666

THIS IS TO CERTIFY THAT Paul Leake Dec 29 1926
AT THE DATE OF ISSUING THIS CARD WAS IN GOOD STANDING IN
POST NO. 77

LOCATED AT Woodland STATE Calif

Paul R. Leake POST ADJUTANT OR FINANCE OFFICER
BY THE MEMBER

NOT VALID UNLESS COUNTERSIGNED BY THE MEMBER

READ THIS CARD

The American Legion 1928
OFFICIAL MEMBERSHIP CARD

No. 26108

THIS IS TO CERTIFY THAT Paul R. Leake Nov 11 1928
AT THE DATE OF ISSUING THIS CARD WAS IN GOOD STANDING IN
POST NO. _____

LOCATED AT WOODLAND, CAL

J. Augener POST ADJUTANT OR FINANCE OFFICER
BY THE MEMBER

NOT VALID UNLESS COUNTERSIGNED BY THE MEMBER

True to Fit Card

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The American Legion 1929
OFFICIAL MEMBERSHIP CARD

No. 32980

THIS IS TO CERTIFY THAT Paul R. Leake Nov. 8th 1929
AT THE DATE OF ISSUING THIS CARD WAS IN GOOD STANDING UNTIL DECEMBER 31, 1929
POST NO. 77

LOCATED AT Woodland Calif

Geo. Merkel POST ADJUTANT OR FINANCE OFFICER
BY THE MEMBER

NOT VALID UNLESS COUNTERSIGNED BY THE MEMBER

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