
CHARLES H. BIEDERMAN

M E S S A G E

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

WITHOUT APPROVAL, H.R. 4640, FOR THE RELIEF OF THE ESTATE OF
CHARLES H. BIEDERMAN

SEPTEMBER 1, 1961.—Referred to the Committee on the Judiciary and ordered to
be printed

To the House of Representatives:

I am returning herewith, without my approval, H.R. 4640, for the relief of the estate of Charles H. Biederman.

The bill would waive the statute of limitations and the defense of res judicata—the same issue cannot be litigated twice—to allow the Court of Claims to render judgment on a claim for the alleged overpayment of Federal income taxes for the years 1936 through 1944. The case was initially settled by a Tax Court decision on the basis of an agreement between representatives of the claimant and the Internal Revenue Service. Subsequent petitions to the Tax Court and the Court of Claims to reopen the case were refused in both instances.

I can find no evidence which would justify the exceptional handling proposed for this case. On the contrary, the record seems to me to indicate that the claimant's rights and opportunities were fully safeguarded.

The taxpayer, Charles H. Biederman, was assessed additional Federal income taxes and penalties for 1936 through 1944 in the amount of \$215,719.49. The assessment was based on the taxpayer's liability for tax on the income of property he had placed in trust for his children but from which he retained income, and on his failure to report approximately \$90,000 of other dividend and interest income.

A trust company which was appointed by an Ohio court as guardian of the taxpayer's estate during a period of incompetency filed a petition in the Tax Court of the United States to have his tax liability redetermined. The guardian and the Government agreed to settle the action and the Tax Court on August 26, 1948, decided the case on the basis of this agreement. The agreement involved concessions by both sides; the taxpayer paid only \$86,707.32 of the original assessment.

The taxpayer upon return to competency in 1950 attempted in both the Tax Court and Court of Claims to set aside the Tax Court's decision. This action apparently stemmed from a collateral court decision relating to the legal title to the trust, as distinguished from the tax liability for the income therefrom. The courts rejected his petition on the ground that it was barred by the statute of limitations and the doctrine of *res judicata*.

All the evidence indicates that the Guardian Trust Co., a reputable and experienced institution, acted in the taxpayer's best interests. The settlement agreement, as a matter of fact, resulted in a return to the taxpayer of \$129,000 of the original assessment of more than \$215,000. Negotiations preceding the settlement allowed full opportunity for both parties to present and evaluate facts and pertinent Federal tax law. In the absence of extraordinary circumstances, proper administration of the tax laws demands that when a taxpayer and the Government conclude a settlement agreement which becomes the basis of final court decision the agreement should remain conclusive.

JOHN F. KENNEDY.

THE WHITE HOUSE, *September 1, 1961*

H.R. 4640

EIGHTY-SEVENTH CONGRESS OF THE UNITED STATES OF AMERICA, AT THE FIRST SESSION, BEGUN AND HELD AT THE CITY OF WASHINGTON ON TUESDAY, THE THIRD DAY OF JANUARY, ONE THOUSAND NINE HUNDRED AND SIXTY-ONE

AN ACT For the relief of the estate of Charles H. Biederman

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any statute of limitations, the lapse of time, the limitations contained in sections 322 and 3774 of the Internal Revenue Code of 1939, or the defense of *res adjudicata* and particularly such a defense of *res adjudicata* with respect to the decision of the Tax Court of the United States entered August 26, 1948, pursuant to a stipulation entered into on August 16, 1948, by a guardian of Charles H. Biederman, jurisdiction is hereby conferred on the Court of Claims to hear, determine, and render judgment on the claim of the estate of Charles H. Biederman, deceased, for the overpayment of Federal income taxes of the said Charles H. Biederman for the taxable years 1936 and 1944, inclusive, together with the amounts of penalties and interest paid thereon.

SAM RAYBURN,

Speaker of the House of Representatives.

LYNDON JOHNSON,

*Vice President of the United States and
President of the Senate.*

[Endorsement on back of bill:]

I certify that this Act originated in the House of Representatives.

RALPH R. ROBERTS, *Clerk.*

