

IN THE DISTRICT COURT OF THE UNITED STATES OF AMERICA FOR THE  
WESTERN DISTRICT OF MISSOURI WESTERN DIVISION

United States of America, Plaintiff,

vs.

John J. Pryor, Defendant.

No. 14742

INDICTMENT

The grand jurors of the United States of America, duly and legally chosen, selected, summoned and drawn from the body of the Western District of Missouri, and duly and legally empanelled, sworn and charged to inquire of and concerning crimes and offenses against the United States of America in the Western District of Missouri, upon their oaths present and charge that one John J. Pryor, late of the City of Kansas City, State of Missouri, sometimes hereinafter called the defendant, during the calendar year 1934 and until and including May 15, 1935, and at all times thereafter, was an individual who was married and living with his wife, and who had no dependents; that during all of the aforesaid time the defendant aforesaid maintained his legal residence at Lees Summit, Jackson County, Missouri, and principal place of business in the City of Kansas City, State of Missouri, within the Sixth United States Internal Revenue Collection District of Missouri; that during the said time his regular accounting period was on the basis of a calendar year and not on the basis of a fiscal year; that for the said calendar year 1934 the defendant had, derived and received a gross income of over \$5,000, computed in accordance with the "Revenue Act of 1934" (and exclusive of the items which under the provisions of said Revenue Act shall not be included in gross income and shall be exempt from taxation), to wit: \$206,487.05, derived and computed as follows, that is to say:

Salary (as reported by defendant in his income tax return for the calendar year of 1934	\$12,000.00
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Other income collected from the following corporations:

Boyle-Pryor Construction Company	\$112,730.13
Dixie Machinery and Equipment Company	61,738.84
Missouri Asphalt Products Company	9,767.43

184,236.40

Income received from, through and in connection with John J. Rathford, Joseph G.

Halpin and Carl D. Higgins, an alleged co-partnership operating under the name of

Rathford Engineering Company 10,250.65

GROSS INCOME \$206,487.05

That during the said calendar year 1934 the said defendant was entitled to and allowed by the said Revenue Act deductions (other than those deductions taken in computing gross income as aforesaid) in the sum of \$2,139.56, and no more, on account of the following:

Taxes paid	\$	546.90
State income tax		1,142.66
Contributions		450.00
	\$	2,139.56

That, accordingly, the said defendant had, derived and received for said calendar year a net income (the gross income less the deductions allowed by law) of \$204,347.49, upon which said net income, after the allowance of all credits to which he was entitled under the provisions of said Revenue Act, he owed to the United States of America an income tax of \$82,154.08; that, by reason of the foregoing facts, the said defendant, after the close of the said calendar year, and on or before the 15th day of March 1935, was required to make under oath to the Collector of Internal Revenue for the collection district aforesaid at Kansas City, County of Jackson and the State of Missouri, within the Western District of Missouri, and within the jurisdiction of this Court, a return for the said calendar year, stating specifically the items of his gross income and the deductions and credits allowed by the said Revenue Act, and the said defendant aforesaid was further required on or before the 15th day of March, 1935, to pay at least one-fourth of the amount of income tax so due and owing to the United States as aforesaid to the Collector of Internal Revenue as aforesaid, unless the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself with the approval of the Secretary of the Treasury, should grant to the defendant aforesaid an extension of the time for so making and filing his income tax return; that on February 21, 1935, the Commissioner of Internal Revenue, acting under and by virtue of

the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, did grant to the defendant aforesaid an extension of time for so making and filing his income tax return, which aforesaid extension was an extension from the 15th day of March, 1935, until and including the 15th day of May, 1935; that, upon the granting of the extension aforesaid to the defendant aforesaid by the Commissioner of Internal Revenue aforesaid, it then became and thereupon was and continued to be the duty of the defendant and he was required to make tender oath, on or before the 15th day of May, 1935, to the Collector of Internal Revenue for the collection district aforesaid at Kansas City, County of Jackson, in the State of Missouri and within the jurisdiction of this Court, an income tax return for the said calendar year 1934, stating specifically the items of his gross income and the deductions and credits allowed by the said Revenue Act and said defendant was further required on or before the 15th day of May, 1935, to pay at least one-fourth of the amount of income tax so due and owing to the said Collector of Internal Revenue.

That the said defendant, John J. Pryor, well knowing all of the foregoing facts, did on the 10th day of May, 1935, at Kansas City, Jackson County, Missouri, in the Western Division of the Western District of Missouri, and within the jurisdiction of this Court, wilfully, knowingly, unlawfully and feloniously attempt to evade and defeat a large part of said income tax upon his said net income for the said calendar year 1934, said large part of said income tax amounting to and being \$81,751.08, and, as a means of so wilfully, unlawfully, knowingly and feloniously attempting to evade and defeat said large part of said income tax, did, on the 10th day of May, 1935, at Kansas City in the state and judicial division and district aforesaid, make under his oath to said Collector of Internal Revenue an income tax return for said calendar year 1934, stating specifically therein the item of his gross income for the said calendar year 1934 to have been the sum of \$12,000.00, and no more, derived and computed as follows:

Salaries	\$	12,000.00
Gross income		12,000.00

and stating specifically the items of deductions allowed to him by the said Revenue Act for said calendar year 1934 to have been the sum of \$2,139.56 on account of the following:

Taxes paid	\$	546.90
State income tax		1,142.66
Contributions		450.00
	\$	2,139.56

and stating therein no other item or items of deduction and stating his net income for said calendar year 1934 to have been the sum of \$9,860.44, and no more, and showing the total income tax due and payable by him for said calendar year 1934 to have been the sum of \$403.00, and no more; and he, the said defendant, did then and there pay to the said Collector of Internal Revenue, the sum of \$403.00, and no more, as and for his said income tax for said calendar year 1934; and furthermore and as a further means of so wilfully, unlawfully, knowingly and feloniously attempting to evade and defeat said large part of said income tax, the said defendant thereafter failed utterly to make to the said Collector of Internal Revenue any other income tax return for the calendar year 1934, stating specifically the items of his gross income and the deductions and credits allowed by law, and thereafter failed utterly to make any other payment or payments to said Collector of Internal Revenue or any other proper officer of the United States of any sums of money on account of his said income tax debt for the said calendar year 1934, except the said sum of \$403.00;

Contrary to the form of the statute in such cases made and provided, and against the peace and dignity of the United States of America.

## COUNT II

And the grand jurors aforesaid, upon their oaths aforesaid, do further present and charge that one John J. Pryor, late of Kansas City, State of Missouri, sometimes hereinafter called the defendant, during the calendar year 1935, and until and including May 16, 1936, and at all times thereafter, was an individual who was married and living with his wife and who had no dependents; that during all of the aforesaid time the defendant aforesaid maintained his legal residence at Lees Summit, County of Jackson, State of Missouri, and principal place of business in the City of Kansas City, State of Missouri, within the Sixth United States Internal Revenue Collection District of Missouri; that during the same time his regular accounting period was on the basis of

a calendar year and not on the basis of a fiscal year; that for said calendar year 1935 the defendant aforesaid had, derived and received a gross income of over \$5,000, computed in accordance with the "Revenue Act of 1934" and as amended by the "Revenue Act of 1935" to wit: \$249,663.07, derived and computed as follows, that is to say:

Salary (as reported by defendant in his income tax return for the calendar year of 1935)	\$	15,000.00
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Other income collected from the following corporations:

Boyle-Pryor Construction Company	\$	113,521.00
Dixie Machinery and Equipment Company		10,716.05
Missouri Asphalt Products Company		87,838.14
		212,075.19

Income received from, through and in connection with John J. Rathford, Joseph G.

Halpin, and Carl D.Higgins, an alleged co-partnership operating under the name of Rathford Engineering Company		22,587.88
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GROSS INCOME	\$	249,663.07
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That during said calendar year 1935 the said defendant was entitled to and allowed by the said Revenue Acts deductions in the sum of \$2,825.00, and no more, on account of the following:

Taxes paid	\$	575.00
Contributions		2,250.00
	\$	2,825.00

That, accordingly, the said defendant had, derived and received for said calendar year 1935, a net income (the gross income less the deductions allowed by law) of \$246,838.07, upon which said net income, after the allowance of all credits to which he was entitled under the provisions of said Revenue Acts, he owed to the United States of America an income tax of \$105,677.03; that, by reason of the foregoing facts, the said defendant, after the close of the calendar year 1935, and on or before the 16th day of March, 1936, was required to make under oath to the Collector of Internal Revenue for the collection district aforesaid at Kansas City, County of Jackson, in the State of Missouri, within the Western District of Missouri, and within the jurisdiction of this Court,

a return for the said calendar year, stating specifically the items of his gross income and deductions and credits allowed by the said Revenue Acts, and the defendant aforesaid was further required on or before the 16th day of March, 1936, to pay at least one-fourth of the amount of the income tax so due and owing to the United States as aforesaid to the Collector of Internal Revenue aforesaid, unless the Commissioner of Internal Revenue acting under and by virtue of the rules and regulations prescribed by himself with the approval of the Secretary of the Treasury, should grant to the defendant aforesaid an extension of the time for so making and filing his income tax return; that on March 2, 1936, the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself with the approval of the Secretary of the Treasury, did grant to the defendant aforesaid an extension of the time for so making and filing his income tax return, which aforesaid extension was an extension from the 16th day of March 1936, until and including the 15th day of May, 1936; that, upon the granting of the extension aforesaid to the defendant aforesaid by the Commissioner of Internal Revenue aforesaid, it then became and thereupon was and continued to be the duty of the defendant and he was required to make under oath, on or before the 15th day of May, 1936, to the Collector of Internal Revenue for the collection district aforesaid at Kansas City, County of Jackson, in the State of Missouri, and within the jurisdiction of this Court, an income tax return for the said calendar year 1935, stating specifically the items of his gross income and the deductions and credits allowed by the said Revenue Acts, and the said defendant was further required on or before the 15th day of May, 1936, to pay at least one-fourth of the Income tax so due and owing to the said Collector of Internal Revenue; That the said defendant, John J. Pryor, well knowing all of the foregoing facts, did, on or about the 14th day of May, 1936, at Kansas City, Jackson County, Missouri, in the Western Division of the Western District of Missouri, and within the jurisdiction of this Court, wilfully, knowingly, unlawfully and feloniously attempt to evade and defeat a large part of said income tax upon his said net income for the said calendar year 1935, said large part of said income tax amounting to and being \$105,049.99, and, as a means of so wilfully, unlawfully, knowingly and feloniously attempting to evade and defeat said large part of the said income tax did, on the 14th day of May, 1936, at Kansas City in the state and judicial division and district aforesaid, make

under his oath to said Collector of Internal Revenue an income tax return for said calendar year 1935, stating specifically therein the item of his gross income for the said calendar year 1935 to have been the sum of \$15,000.00, and no more, derived and computed as follows:

Salaries	\$	15,000.00
Gross Income		15,000.00

and stating specifically the items of deductions allowed to him by said Revenue Acts for said calendar year 1935 to have been the sum of \$2,738.75, on account of the following:

Taxes paid	\$	575.00
Contributions		2,163.75
	\$	2,738.75

and stating therein no other item or items of deduction, and stating his net income for said calendar year 1935 to have been the sum of \$12,261.25, and no more, and showing the total income tax due and payable by him for said calendar year 1935 to have been the sum of \$627.09, and no more; and he, the said defendant, did then and there pay to the said Collector of Internal Revenue the sum of \$627.09, and no more, as for his income tax for said calendar year 1935; and furthermore, and as a further means of so wilfully, unlawfully, knowingly and feloniously attempting to evade and defeat said large part of said income tax, the said defendant thereafter failed utterly to make to the said Collector of Internal Revenue any other income tax return for the calendar year 1935, stating specifically the items of his gross income and the deductions and credits allowed by law, and thereafter failed utterly to make any other payment or payments to said Collector of Internal Revenue or any other proper officer of the United States of any sums of money on account of his said income tax debt for the said calendar year 1935, except the said sum of \$627.09;

Contrary to the form of the statute in such cases made and provided and against the peace and dignity of the United States of America.

### COUNT III

And the grand jurors aforesaid, upon their oaths aforesaid, do further present and charge that one John J. Pryor, late of Kansas City, State of Missouri, sometimes hereinafter called the defendant, during the calendar year 1937 and until and including

May 15, 1938, and at all times thereafter, was an individual who was married and living with his wife and who had no dependents; that during all the aforesaid time the defendant aforesaid maintained his legal residence at Lees Summit, County of Jackson, State of Missouri, and principal place of business in the City of Kansas City, County of Jackson, State of Missouri, within the Sixth United States Internal Revenue Collection District of Missouri; that during the same time his regular accounting period was on the basis of a calendar year and not on the basis of a fiscal year; that for said calendar year 1937 the defendant aforesaid had, derived and received a gross income of over \$5,000, computed in accordance with the "Revenue Act of 1936" and as amended by the "Revenue Act of 1937" to wit: \$246,150.98, derived and computed as follows, that is to say:

Salaries (as reported by defendant in his income tax return for the calendar year of 1937)	\$	17,000.00
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Dividends (as reported by defendant in his income tax return for the calendar year of 1937)	25,000.00
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Other income collected from the following corporations:

Boyle-Pryor Construction Company	\$	49,350.68
Dixie Machinery and Equipment Co		125,281.90
Missouri Asphalt Products Company		6,129.15
		180,761.73

Income received from, through and in connection with John J. Rathford, Joseph D. Halpin and Carl D. Higgins, an alleged co-partnership operating under name of Rathford Engineering Company	23,375.36
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Interest (as reported by defendant in his income tax return for the calendar year of 1937)	15.89
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GROSS INCOME	\$	246,150.98
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That during the said calendar year 1937 the said defendant was entitled to and allowed by the said Revenue Acts deductions in the sum of \$5,789.88, and no more, on account of the following:

Contributions ; .	\$	2,925.00
Taxes paid		1,677.38



Depreciation on automobile	1,187.50
	\$ 5,789.88

That, accordingly, the said defendant had, derived and received for said calendar year a net income (the gross income less the deductions allowed by law) of \$240,361.10, upon which said net income, after the allowance of all credits to which he was entitled under the provisions of said Revenue Acts, he owed to the United States of America an income tax of \$121,932.32; that by reason of the foregoing facts the said defendant, after the close of the said calendar year and on or "before the 15th day of March, 1938, was required to make under oath to the Collector of Internal Revenue for the Collection district aforesaid at Kansas City, County of Jackson, in the State of Missouri, within the Western District of Missouri and within the jurisdiction of this Court, a return for the said calendar year stating specifically the items of his gross income and the deductions and the credits allowed "by the said Revenue Acts, and the said defendant aforesaid was further required on or before the 15th day of March, 1938, to pay at least one-fourth of the amount of income tax so due and so owing to the United States as aforesaid to the Collector of Internal Revenue as aforesaid, unless the Commissioner of Internal Revenue acting under and by virtue of the rules and regulations prescribed by himself with the approval of the Secretary of the Treasury, should grant to the defendant aforesaid an extension of the time for so making and filing his income tax return; that on March 15, 1938, the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself and with the approval of the Secretary of the Treasury, did grant to the defendant aforesaid an extension of time for so making and filing his income tax return, which aforesaid extension was an extension from the 15th day of March, 1938, until and including the 15th day of May 1938; that, upon the granting of the extension aforesaid to the defendant aforesaid by the Commissioner of Internal Revenue aforesaid, it then became and thereupon was and continued to be the duty of the defendant and he was required to make under oath on or before the 15th day of May, 1938, to the Collector of Internal Revenue, for the collection district aforesaid at Kansas City, County of Jack- son, in the State of Missouri, and within the jurisdiction of this Court, an income tax return for the said calendar year 1937, stating specifically the items of his gross income and the deductions and credits allowed by the said Revenue Acts,

and said defendant was further required on or before the 15th day of May, 1938, to pay at least one-fourth of the amount of income tax so due and owing to the said Collector of Internal Revenue;

That the said defendant, John J. Pryor, well knowing all of the foregoing facts, did, on or about the 14th day of May, 1938, at Kansas City, Jackson County, Missouri, in the Western Division of the Western District of Missouri, and within the jurisdiction of this Court wilfully, knowingly, unlawfully and feloniously attempt to evade and defeat a large part of said income tax upon his said net income for the said calendar year 1937; said large part of said income tax amounting to and being \$116,897.32, and as a means of so wilfully, knowingly, unlawfully and feloniously attempting to evade and defeat said large part of said income tax, did, on or about the 14th day of May, 1938, at Kansas City in the state and judicial division and district aforesaid make under his oath to said Collector of Internal Revenue an income tax return for said calendar year 1937, stating specifically thereon the items of his gross income for said calendar year 1937 to have been the sum of \$42,013.89, and no more, derived and computed as follows:

Salaries	\$	17,000.00
Dividends		25,000.00
Interest		13.89
Gross Income	\$	42,013.89

and stating specifically the items of deductions (other than those taken in computing the amount of gross income aforesaid) allowed to him by said Revenue Acts for said calendar year 1937 to have been the sum of \$5,789.88 on account of the following:

Contributions	\$	2,925.00
Taxes paid		1,677.38
Depreciation on automobiles		1,187.50
	\$	5,789.88

and stating therein no other item or items of deduction, and stating his net income for said calendar year 1937 to have been the sum of \$36,224.01, and no more, and showing the total income tax due and payable by him for said calendar year 1937 to have been the sum of \$5,035.00, and no more, as and for his income tax for the said calendar year 1937; and furthermore, and as a further means of so wilfully, unlawfully, knowingly and

feloniously attempting to evade and defeat said large part of the aforesaid income tax, said defendant thereafter failed utterly to make to the said Collector of Internal Revenue any other income tax return for the calendar year 1937, stating specifically the items of his gross income and the deductions and credits allowed by law, and thereafter failed utterly to make any other payment or payments to said Collector of Internal Revenue or any other proper officer of the United States of any sums of money on account of his said income tax debt for the said calendar year 1937 except in said sum of \$5,035.00;

Contrary to the form of the statute in such cases made and provided and against the peace and dignity of the United States of America.

#### COUNT IV

And the grand Jurors aforesaid, upon their oaths aforesaid, do further present and charge that the Dixie Machinery and Equipment Company, hereinafter sometimes called the Corporation, during the calender year 1934 and until and including the 29th day of March, 1935, and at all times thereafter, was a corporation duly organized, existing and doing business under and by virtue of the laws of the State of Missouri and, among other things, engaged in the business of machinery rental; that the principal office and principal place of business of said Corporation was, at all the times herein mentioned, in the City of Kansas City, Jackson County, Missouri, and within the Sixth United States Internal Revenue Collection District of Missouri and within the Jurisdiction of this court; that said corporation was not a corporation exempt from taxation under the provisions of the "Revenue Act of 1934"; that during the same time the regular accounting period of said corporation was on the basis of a calendar year and not on the basis of a fiscal year; that for the said calendar year of 1934 the said corporation had, derived and received a gross income of over §5,000 computed in accordance with the "Revenue Act of 1934", (and exclusive of items which, under the provisions of said Revenue Act, shall not be included in said gross income and shall be exempt from taxation), to wit: §516,004.44, derived and computed as follows, that is to say:

Income received from the City of Kansas City, Missouri, a municipal corporation,	\$	481,518.58
Income from the Boyle-Pryor Construction Company		25,099.16
Income from the Missouri Asphalt Products Company		5,000.00

Miscellaneous income received from persons to the grand Jury unknown 4.386.70  
Gross Income \$ 516,004.44

That during the said calendar year 1934 the said corporation was entitled to and allowed by said Revenue Act deductions (other than those deduction taken in computing gross income as aforesaid) in the sum of \$237,802.81, and no more, on account of the following:

Payroll	\$ 87,250.43
Materials and Supplies	61,091.07
Rent paid	26,194.44
Insurance	8,611.90
Taxes	802.08
General expense	900.00
Depreciation	52.952.89
	\$ 237,802.81

That accordingly the said Corporation had, derived and received for said calendar year 1934 a net income (the gross income less the deductions allowed by law) Of \$278,201.63), upon which said net income, after allowance of all credits to which the said Corporation was entitled under the provisions of the said Revenue Act, the said Corporation owed to the United States of America an income tax of \$38,252.72; that, by reason of the foregoing facts the said Corporation, after the close of the said calendar year, and on or before the 15th day of March, 1935, was required to make, under oath, to the Collector of Internal Revenue for the Collection District aforesaid at Kansas City, Jackson County, Missouri, within the Western District of Missouri and within the Jurisdiction of this court, a return for the said calendar year stating specifically the items of the gross income of said Corporation and the deductions and credits allowed by the said Revenue Act, and the said Corporation aforesaid was further required, on or before the 15th day of March, 1935, to pay at least one-fourth the amount of the income tax so due and owing to the United States as aforesaid to the Collector of Internal Revenue aforesaid, unless the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, should grant to the said Corporation aforesaid an extension of the time for so

making and filing its said income tax return; that on the 15th day of March, 1935, the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, did grant to the aforesaid Corporation an extension of time for so making and filing its said income tax return, which aforesaid extension was an extension from the 15th day of March, 1935, until and including the 15th day of April, 1935; that upon the granting of the extension aforesaid to the Corporation aforesaid by the Commissioner of Internal Revenue aforesaid, it then became and was thereupon and continued to be the duty of the said Corporation, and it was required to make under oath, duly sworn to by its president, vice-president or other principal officer, and by its treasurer or assistant treasurer, on or before the 15th day of April, 1935, to the Collector of Internal Revenue, for the Collection District aforesaid at Kansas City, County of Jackson, State of Missouri, and within the Jurisdiction of this court, an income tax return for the said calendar year 1934, stating specifically the items of the gross income of said Corporation and the deductions and credits allowed by the said Revenue Act, and the said Corporation was further required on or before the 15th day of April, 1935, to pay at least one-fourth of the amount of income tax so due and owing to the said Collector of Internal Revenue.

That the said defendant, John J. Pryor, being and purporting to be, then and there, and at all the times herein mentioned, the duly elected and acting president of said Corporation, and at all the times herein mentioned acting and purporting to act as such, and representing himself to be such officer, and well knowing all of the facts hereinbefore stated, did, on the 25th day of March, 1935, at Kansas City, Jackson County, Missouri, in the Western Division of the Western District of Missouri, and within the jurisdiction of this court, wilfully, knowingly, unlawfully and feloniously attempt to evade and defeat a large part of the said income tax due from said Corporation upon the said net income of said Corporation for the said calendar year 1934, said large part of said income tax amounting to and being \$38,252.72, and as a means of so wilfully, knowingly, unlawfully and feloniously attempting to evade and defeat said large part of said income tax of said Corporation, did on the 29th day of March, 1935, at Kansas City, Jackson County, Missouri, in the State and Jurisdiction and Division and District aforesaid, make and cause to be made, under his oath as President of said Corporation, to the said Collector

of Internal Revenue, an income tax return for and in behalf of said Corporation for said calendar year 1934, stating specifically therein the items of the gross income of said corporation for the said calendar year of 1934 to have been the sum of \$30,099.16, and no more, derived and computed as follows:

Machinery rental	\$	50,099.16
Gross income		30,099.16

and stating specifically the items of deduction (other than those taken in computing the amount of gross income aforesaid) allowed to said Corporation by said Revenue Act for said calendar year 1934 to have been the amount of \$52,952.89 on account of the following:

Depreciation	\$	52,952.89
	\$	52,952.89

and stating therein no other item or items of deduction and stating the net income of said Corporation for said calendar year 1934 to have been loss in the sum of \$22,853.73, and no more, and showing no income tax due and payable by said Corporation for said calendar year 1934 and the said Corporation did not then or thereafter pay to the said Collector of Internal Revenue any sum of money whatsoever as and for said income tax of said Corporation for the said calendar year 1934:

Contrary to the form of the statute in such case made and provided and against the peace and dignity of the United States of America.

#### COUNT V

And the grand Jurors aforesaid, upon their oaths aforesaid, do further present and charge that the Boyle-Proyor Construction Company, hereinafter sometimes called the Corporation', during the calendar year 1934 and until and including the 29th day of March, 1935, and at all times thereafter, was a corporation duly organized, existing and doing business under and by virtue of the laws of the State of Missouri and, among other things, engaged in the business of construction contracting; that the principal office and principal place of business of said Corporation was, at all the times herein mentioned, in the City of Kansas City, Jackson County, Missouri, and within the Sixth United States Internal Revenue Collection District of Missouri and within the Jurisdiction of this court; that said corporation was not a corporation exempt from taxation under the provisions of

said Revenue Act of 1934; that during the same time the regular accounting period of said corporation was on the basis of a calendar year and not on the basis of a fiscal year; that for the said calendar year of 1934 the said corporation had, derived and received a gross income of over \$5000 computed in accordance with the "Revenue Act of 1934", (and exclusive of items which, under the provisions of said Revenue Act, shall not be included in said gross income and shall be exempt from taxation), to wit: \$172,493.57, derived and computed as follows, that is to say:

Gross income from contracting business as disclosed by the books and records of the Boyle-Pryor Construction Company \$172,493.57

That during the said Calendar year 1934 the said corporation was entitled to and allowed by said Revenue Act deductions (other than those deductions taken in computing gross income as aforesaid) in the sum of \$90,346.50, and no more, on account of the following:

Compensation of officers	\$ 24,000.00
Rent on office	600.00
Rent on machinery	25,099.16
Insurance	255.45
Interest	68.14
Taxes	212.24
Telephone and Telegraph	907.60
General Expense	1,310.75
Auto Expense	1,359.72
Depreciation	6,226.33
Advertising	1,919.01
Traveling	5,617.30
Salaries and wages	21,310.22
Supplies	1,460.58
	\$ 90,346.50

That accordingly the said Corporation had, derived and received for said calendar year 1934 a net income (the gross income less the deductions allowed by law) of \$82,147.07), upon which said net income, after allowance of all credits to which the said

Corporation was entitled under the provisions of the said Revenue Act, the said Corporation owed to the United States of America an income tax of \$11,295.22; that, by reason of the foregoing facts the said Corporation, after the close of the said calendar year, and on or before the 15th day of March, 1935, was required to make, under oath, to the Collector of Internal Revenue for the Collection District aforesaid at Kansas City, Jackson County, Missouri, within the Western District of Missouri and within the Jurisdiction of this court, a return for the said calendar year stating specifically the items of the gross income of said Corporation and the deductions and credits allowed by the said Revenue Act, and the said Corporation aforesaid was further required, on or before the 15th day of March, 1935, to pay at least one-fourth the amount of the income tax so due and owing to the United States as aforesaid to the Collector of Internal Revenue aforesaid, unless the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, should grant to the said Corporation aforesaid an extension of the time for so making and filing its said income tax return; that on the 15th day of March, 1935, the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, did grant to the aforesaid Corporation an extension of time for so making and filing its said income tax return, which aforesaid extension was an extension from the 15th day of March, 1935, until and including the 15th day of April, 1935; that upon the granting of the extension aforesaid to the Corporation aforesaid by the Commissioner of Internal Revenue aforesaid, it then became and was thereupon and continued to be the duty of the said Corporation, and It was required to make under oath, duly sworn to by its president, vice-president or other principal officer, and by its treasurer or assistant treasurer, on or before the 15th day of April, 1935, to the Collector of Internal Revenue for the Collection District aforesaid at Kansas City, County of Jackson, State of Missouri, and within the jurisdiction of this court, an income tax return for the said calendar year 1934, stating specifically the items of the gross income of said Corporation and the deductions and credits allowed by the said Revenue Act, and the said Corporation was further required on or before the 15th day of April, 1935, to pay at least one-fourth of the amount of income tax so due and owing to the said Collector of Internal Revenue.



That the said defendant, John J. Pryor, being and purporting to be, then and there, and at all the times herein mentioned, the duly elected and acting Treasurer of said Corporation, and at all the times herein mentioned acting and purporting to act as such, and representing himself to be such officer, and well knowing all of the facts hereinbefore stated, did on the 25th day of March, 1935, at Kansas City, Jackson County, Missouri, in the Western Division of the Western District of Missouri, and within the jurisdiction of this court, wilfully, knowingly, unlawfully and feloniously attempt to evade and defeat a large part of the said income tax due from said Corporation upon the said net income of said Corporation for the said calendar year 1934, said large part of said income tax amounting to and being \$10,303.55, and as a means of so wilfully, knowingly, unlawfully and feloniously attempting to evade and defeat said large part of said income tax of said Corporation, did on the 29th day of March, 1935, at Kansas City, Jackson County, Missouri, in the State and Jurisdiction and Division and District aforesaid, make and cause to be made, under his oath as Treasurer of said Corporation, to the said Collector of Internal Revenue, an income tax return for and in behalf of said Corporation for said calendar year 1934, stating specifically therein the items of the gross income of said Corporation for the said calendar year of 1934 to have been the sum of \$97,558.64, and no more, derived and computed as follows:

Gross profit	\$	97,558.64
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and stating specifically the items of deduction (other than those taken in computing the amount of gross income aforesaid) allowed to said Corporation by said Revenue Act for said calendar year 1934 to have been the amount of \$90,346.50 on account of the following:

Compensation of officers	\$	24,000.00
Rent on office		600.00
Rent on machinery		25,099.16
Insurance		255.45
Interest		68.14
Taxes		212.24
Telephone and Telegraph		907.60
General Expense		1,310.75

Auto Expense	1,359.72
Depreciation	6,226.33
Advertising	1,919.01
Traveling	5,617.30
Salaries and wages	21,310.22
Supplies	1,460.58
	\$ 90,346.50

and stating therein no other item or items of deduction and stating the net income of said Corporation for said calendar year 1934 to have been the sum of \$7,212.14, and no more, and showing the total, income tax due and payable by said Corporation for said calendar year 1934 to have been the sum of \$991.67, and no more; and the said Corporation did thereafter pay to the said Collector of Internal Revenue the sum of \$991.67, and no more, as and for said income tax of said Corporation for the said calendar year 1934;

Contrary to the form of the statute in such case made and provided and against the peace and dignity of the United States of America.

#### COUNT VI

The grand jurors aforesaid upon their oaths aforesaid do further present and charge that the Boyle-Pryor Construction Company, hereinafter sometimes called the Corporation, during the calendar year 1935 and until and including the 13th day of May, 1936, and at all times thereafter, was a corporation duly organized, existing and doing business under and by virtue of the laws of the State of Missouri and, among other things, engaged in the business of construction contracting; that the principal office and principal place of business of said Corporation was, at all the times herein mentioned, in the City of Kansas City, Jackson County, Missouri, and within the Sixth United States Internal Revenue Collection District of Missouri and within the jurisdiction of this court; that said corporation was not a corporation exempt from taxation under the provisions of the Revenue Act of 1934 and as amended by the "Revenue Act of 1935"; that during the same time the regular accounting period of said corporation was on the basis of a calendar year and not on the basis of a fiscal year; that for the said calendar year of- 1935 the said corporation had, derived and received a gross income of over \$5000,

computed in accordance with the "Revenue Act of 1934" and as amended by the "Revenue Act of 1935" (and exclusive of items which, under the provisions of said Revenue Acts, shall not be included in said gross income, and shall be exempt from taxation), to wit: \$344,624.93, derived and computed as follows, that is to say:

Income from contracts as reported in income tax return for the calendar year of 1935	\$ 477,742.40
Less Expenses and Deductions	133,117.47
Gross income from contracts	\$ 344,624.93

That during the said calendar year 1935 the said corporation was entitled to and allowed by said Revenue Acts deduction (other than those deductions taken in computing gross income as aforesaid) in the sum of \$39,789.50, and no more, on account of the following:

Rent on office	\$ 600.00
Insurance	1,325.25
Interest	11.65
Taxes	702.01
Telephone and telegraph	1,233.68
General Expense	2,188.77
Auto Expense	4,281.95
Depreciation	6,597.54
Advertising	1,110.59
Traveling	2,860.95
Salaries and wages	17,327.14
Supplies	1,264.48
Light, heat and water	285.49
Total	\$ 39,789.50

That accordingly the said Corporation had, derived and received for said calendar year 1935 a net income (the gross income less the deductions allowed by law) of

\$304,835.43), upon which said net income, after allowance of all credits to which the said Corporation was entitled under the provisions of the said Revenue Acts, the said Corporation owed to the United States of America an income tax of \$41,914.87; that, by reason of the foregoing facts the said Corporation, after the close of the said calendar year, and on or before the 16th day of March, 1936, was required to make, under oath, to the Collector of Internal Revenue for the Collection District aforesaid at Kansas City, Jackson County, Missouri, within the Western District of Missouri and within the jurisdiction of this court, a return for the said calendar year stating specifically the items of the gross income of said Corporation and the deductions and credits allowed by the said Revenue Acts, and the said Corporation aforesaid was further required, on or before the 16th day of March, 1936, to pay at least one-fourth the amount of the income tax so due and owing to the United States as aforesaid to the Collector of Internal Revenue aforesaid, unless the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, should grant to the said Corporation aforesaid an extension of the time for so making and filing its said income tax return; that on the 9th day of March, 1936, the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, did grant to the aforesaid Corporation an extension of time for so making and filing its said income tax return, which aforesaid extension was an extension from the 16th day of March, 1936, until and including the 15th day of May, 1936; that upon the granting of the extension aforesaid to the Corporation aforesaid by the Commissioner of Internal Revenue aforesaid, it then became and was thereupon and continued to be the duty of the said Corporation, and it was required to make under oath, duly sworn to by its president, vice-president or other principal officer, and by its treasurer or assistant treasurer, on or before the 15th day of May, 1936, to the Collector of Internal Revenue for the Collection District aforesaid at Kansas City, County of Jackson, State of Missouri, and within the jurisdiction of this court, an income tax return for the said calendar year 1935, stating specifically the items of the gross income of said corporation and the deductions and credits allowed by the said Revenue Acts, and the said Corporation was further required on or before the 15th day of May, 1936, to pay at least one-fourth of the

amount of income tax so due and owing to the said Collector of Internal Revenue.

That the said defendant, John J. Pryor, being and purporting to be, then and there, and at all the times herein mentioned, the duly elected and acting Treasurer of said Corporation, and at all the times herein mentioned acting and purporting to act as such, and representing himself to be such officer, and well knowing all of the facts hereinbefore stated, did, on the 4th day of May, 1936, at Kansas City, Jackson County, Missouri, in the Western Division of the Western District of Missouri, and within the jurisdiction of this court, wilfully, knowingly, unlawfully and feloniously attempt to evade and defeat a large part of the said income tax due from said Corporation upon the said net income of said Corporation for the said calendar year 1935, said large part of said income tax amounting to and being \$41,057.67, and as a means of so wilfully, knowingly, unlawfully and feloniously attempting to evade and defeat said large part of said income tax of said Corporation, did, on the 13th day of May, 1936, at Kansas City, Jackson County, Missouri, in the State and Jurisdiction and Division and District aforesaid, make and cause to be made, under his oath as Treasurer of said Corporation, to the said Collector of Internal Revenue, an income tax return for and in behalf of said Corporation for said calendar year 1935, stating specifically therein the items of the gross income of said Corporation for the said calendar year of 1935 to have been the sum of \$46,401.99, and no more, derived and computed as follows:

Gross sales	\$	477,742.40
Less labor and supplies		431,340.41
Gross Income		46,401.99

and stating specifically the items of deduction (other than those taken in computing the amount of gross income aforesaid) allowed to said Corporation by said Revenue Acts for said calendar year 1935 to have been the amount of \$40,168.10 on account of the following:

Rent on office	\$	600.00
Insurance		1,325.25
Interest		11.65
Taxes		555.61

Telephone and telegraph	1,233.68
General Expense	2,713.77
Auto Expense	4, 281.95
Depreciation	6,597.54
Advertising	1,110.59
Traveling	2,860.95
Salaries and wages	17,327.14
Supplies	1,264.48
Light, Heat and Water	285.49
	<hr/>
Total	\$ 40,168.10

and stating therein no other item or items of deduction and stating the net income of said Corporation for said calendar year 1935 to have been the sum of \$6, 233.89, and no more, and showing the total income tax due and payable by said Corporation for said calendar year 1935 to have been the sum of \$857.20, and no more; and the said Corporation did thereafter pay to the said Collector of Internal Revenue the sum of \$857.20, and no more, as and for said income tax of said Corporation for the said calendar year 1935, except the sum of \$51.92 paid on November 5, 1937 by reason of an additional assessment made by the Commissioner of Internal Revenue:

Contrary to the form of the statute in such case made and provided and against the peace and dignity of the United States of America.

#### COUNT VII

The grand jurors aforesaid upon their oath aforesaid do further present and charge that the Boyle-Pryor Construction Company, hereinafter sometimes called the Corporation, during the calendar year 1936 and until and including the 14th day of May, 1937, and at all times thereafter, was a corporation duly organized, existing and doing business under and by virtue of the laws of the State of Missouri and, among other things, engaged in the business of construction contracting; that the principal office and principal place of business of said Corporation was, at all the times herein mentioned, in the City of Kansas City, Jackson County, Missouri, and within the Sixth United States

Internal Revenue Collection District of Missouri and within the jurisdiction of this court; that said corporation was not a corporation exempt from taxation under the provisions of the "Revenue Act of 1936", that during the same time the regular accounting period of said corporation was on the basis of a calendar year and not on the basis of a fiscal year; that for the said calendar year of 1936 the said corporation had, derived and received a gross income of over \$5000, computed in accordance with the "Revenue Act of 1936", (and exclusive of items which, under the provisions of said Revenue Act, shall not be included in said gross income and shall be exempt from taxation), to wit \$210,923.56, derived and computed as follows, that is to say:

Gross income receipts as shown by income tax return for the calendar year of 1936	\$	649,891.38
Less expenses and deductions		438,967.82
Gross income	\$	210,923.56

That during the said calendar year 1936 the said corporation was entitled to and allowed by said Revenue Act deductions (other than those deductions taken in computing gross income as aforesaid) in the sum of \$25,890.43, and no more, on account of the following:

Rent on office	\$ 600.00
Insurance	1,581.24
Interest	574. 27
Taxes	1,911.18
Telephone and telegraph	912.65
General expense	990.53
Auto Expense	2,080.51
Depreciation	6,708.88
Advertising	3,510.03
Salaries and wages	4,936.00
Supplies	1,411.84

Light, heat and water	338.30
Contributions	335.00
Total	\$ 25,890.43

That accordingly the said Corporation had, derived and received for said calendar year 1936 a net income (the gross income less the deductions allowed by law) of \$185,033.13, upon which said net income, after allowance of all credits to which the said Corporation was entitled under the provisions of the said Revenue Act, the said Corporation owed to the United States of America an income tax of \$50,205.88; that, by reason of the foregoing facts the said Corporation, after the close of the said calendar year, and on or before the 15th day of March, 1937, was required to make, under oath, to the Collector of Internal Revenue for the Collection District aforesaid at Kansas City, Jackson County, Missouri, within the Western District of Missouri and within the jurisdiction of this court, a return for the said calendar year stating specifically the items of the gross income of said Corporation and the deductions and credits allowed by the said Revenue Act, and the said Corporation aforesaid was further required, on or before the 15th day of March, 1937, to pay at least one-fourth the amount of the income tax so due and owing to the United States as aforesaid to the Collector of Internal Revenue aforesaid, unless the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, should grant to the said Corporation aforesaid an extension of the time for so making and filing its said income tax return; that on the 13th day of March, 1937, the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, did grant to the aforesaid Corporation an extension of time for so making and filing its said income tax return, which aforesaid extension was an extension from the 15th day of March, 1937, until and including the 15th day of May, 1937; that upon the granting of the extension aforesaid to the Corporation aforesaid by the Commissioner of Internal Revenue aforesaid, it then became and was thereupon and continued to be the duty of the said Corporation, and it was required to make under oath, duly sworn to by its president, vice-president or other principal officer, and by its treasurer or assistant



treasurer, on or before the 15th day of May, 1937, to the Collector of Internal Revenue for the Collection District aforesaid at Kansas City, County of Jackson, State of Missouri, and within the jurisdiction of this court, an income tax return for the said calendar year 1936, stating specifically the items of the gross income of said Corporation and the deductions and credits allowed by the said Revenue Act, and the said Corporation was further required on or before the 15th day of May, 1937, to pay at least one-fourth of the amount of income tax so due and owing to the said Collector of Internal Revenue.

That the said defendant, John J. Pryor, being and purporting to be, then and there, and at all the times herein mentioned, the duly elected and acting Treasurer of said Corporation, and at all the times herein mentioned acting and purporting to act as such, and representing himself to be such officer, and well knowing all of the facts hereinbefore stated, did, on the 14th day of May, 1937, at Kansas City, Jackson County, Missouri, in the Western Division of the Western District of Missouri, and within the jurisdiction of this court, wilfully, knowingly, unlawfully and feloniously attempt to evade and defeat a large part of the said income tax due from said Corporation upon the said net income of said Corporation for the said calendar year 1936, said large part of said income tax amounting to and being \$49,053.97, and as a means of so wilfully, knowingly, unlawfully and feloniously attempting to evade and defeat said large part of said income tax of said Corporation, did, on the 14th day of May, 1937, at Kansas City, Jackson County, Missouri, in the State and Jurisdiction and Division and District aforesaid, make and cause to be made, under his oath as Treasurer of said Corporation, to the said Collector of Internal Revenue, an income tax return for and in behalf of said Corporation for said calendar year 1936, stating specifically therein the items of the gross income of said Corporation for the said calendar year of 1937 to have been the sum of \$36,735.06, and no more, derived and computed as follows:

Gross receipts		\$	649,891.38
Less cost of operations:			
(a) Salaries and wages	\$	135,701.51	
(b) Other costs		477.454.81	
Total			613.156.32
Gross income		\$	36,735.06

and stating specifically the items of deduction (other than those taken in computing the amount of gross income aforesaid) allowed to said Corporation by said Revenue Act for said calendar year 1936 to have been the amount of \$25,890.43 on account of the following:

Rent on office	\$ 600.00
Insurance	1,581.24
Interest	574.27
Taxes	1,911.18
Telephone and Telegraph	912.65
General Expense	990.53
Auto Expense	2,080.51
Depreciation	6,708.88
Advertising	3,510.03
Salaries and wages	4,936.00
Supplies	1,411.84
Light, heat and water	338.30
Contributions	335.00
Total	25,890.43

and stating therein no other item or items of deduction and stating the net income of said Corporation for said calendar year 1936 to have been the sum of \$10,844.63, and no more, and showing the total income tax due and payable by said Corporation for said calendar year 1936 to have been the sum of \$1151.91, and no more; and the said Corporation did thereafter pay to the said Collector of Internal Revenue the sum of \$1151.91, and no more, as and for said income tax of said Corporation for the said calendar year 1936:

Contrary to the form of the statute in such case made and provided and against the peace and dignity of the United States of America.

COUNT VIII

And the grand jurors aforesaid, upon their oaths aforesaid, do further present and charge that the Boyle-Pryor Construction Company, hereinafter sometimes called the Corporation, during the calendar year 1957 and until and including the 14th day of May, 1938, and at all times thereafter, was a corporation duly organized, existing and doing business under and by virtue of the laws of the State of Missouri and, among other things, engaged in the business of construction contracting; that the principal office and principal place of business of said Corporation was, at all the times herein mentioned, in the City of Kansas City, Jackson County, Missouri, and within the Sixth United States Internal Revenue Collection District of Missouri and within the jurisdiction of this court; that said Corporation was not a corporation exempt from taxation under the provisions of the "Revenue Act of 1936" and as amended by the "Revenue Act of 1937"; that during the same time the regular accounting period of said corporation was on the basis of a calendar year and not on the basis of a fiscal year; that for the said calendar year of 1937 the said Corporation had, derived and received a gross income of over \$5,000, computed in accordance with the "Revenue Act of 1936" and as amended by the "Revenue Act of 1937" (and exclusive of items which, under the provisions of said Revenue Act, shall not be included in said gross income and shall be exempt from taxation), to wit: \$154,834.08, derived and computed as follows, that is to say:

Gross income receipts as shown by income tax return for the calendar year of 1937	\$	346,954.32
Less expenses and deductions		172,188.65
Total		154,765.67
Interest received		68.41
Gross income	\$	154,834.08

That during the said calendar year 1957 the said Corporation was entitled to and allowed "by said Revenue Act deductions (other than those deductions taken in computing gross income as aforesaid) in the sum of \$38,694.81, and no more, on account of the following:

Compensation of officers	\$	10,000.00
Rent on office		600.00

Insurance	1,127.75
Taxes	5,915.75
General Expense	4,599.17
Depreciation	2,447.02
Advertising	3,292.51
Traveling	5,108.09
Supplies	3,233.25
Contributions	1,195.00
Light, Heat and Telephones	1,176.27
Total	\$ 38,694.81

That accordingly the said Corporation had, derived and received for said calendar year 1937 a net income (the gross income less the deductions allowed by law) of \$116,139.27, upon which said net income, after allowance of all credits to which the said Corporation was entitled under the provisions of the said Revenue Act, the said Corporation owed to the United States of America an income tax of \$31,399.02; that, by reason of the foregoing facts the said Corporation, after the close of the said calendar year, and on or before the 15th day of March, 1938, was required to make, under oath, to the Collector of Internal Revenue for the Collection District aforesaid at Kansas City, Jackson County, Missouri, within the Western District of Missouri and within the jurisdiction of this court, a return for the said calendar year, stating specifically the items of the gross income of said Corporation and the deductions and credits allowed by the said Revenue Act, and the said Corporation aforesaid was further required, on or before the 15th day of March, 1938, to pay at least one-fourth the amount of the income tax so due and owing to the United States as aforesaid to the Collector of Internal Revenue aforesaid, unless the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, should grant to the said Corporation aforesaid an extension of the time for so making and filing its said income tax return; that on the 15th day of March, 1938, the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, did grant to the aforesaid Corporation an extension of time for so making and filing its said

income tax return, which aforesaid extension was an extension from the 15th day of March, 1938, until and including the 16th day of May, 1938; that upon the granting of the extension aforesaid to the Corporation aforesaid by the Commissioner of Internal Revenue aforesaid, it then became and was thereupon and continued to be the duty of the said Corporation, and it was required to make under oath, duly sworn to by its president, vice-president or other principal officer, and by its treasurer or assistant treasurer, on or before the 16th day of May, 1938, to the Collector of Internal Revenue for the Collection District aforesaid at Kansas City, County of Jackson, State of Missouri, and within the jurisdiction of this court, an income tax return for the said calendar year 1937, stating specifically the items of the gross income of said Corporation and the deductions and credits allowed by the said Revenue Acts, and the said Corporation was further required on or before the 16th day of May, 1938, to pay at least one-fourth of the amount of income tax so due and owing to the said Collector of Internal Revenue.

That the said defendant, John J. Pryor, being and purporting to be, then and there, and at all the times herein mentioned, the duly elected and acting Treasurer of said Corporation, and at all the times herein mentioned acting and purporting to act as such, and representing himself to be such officer, and well knowing all of the facts hereinbefore stated, did, on the 12th day of May, 1938, at Kansas City, Jackson County, Missouri, in the Western Division of the Western District of Missouri, and within the jurisdiction of this court, wilfully, knowingly, unlawfully and feloniously attempt to evade and defeat a large part of the said income tax due from said Corporation upon the said net income of said Corporation for the said calendar year 1937, said large part of said income tax amounting to and being \$30,261.11, and as a means of so wilfully, knowingly, unlawfully and feloniously attempting to evade and defeat said large part of said income tax of said Corporation, did, on the 14th day of May, 1938, at Kansas City, Jackson County, Missouri, in the State and Jurisdiction and Division and District aforesaid, make and cause to be made, under his oath as Treasurer of said Corporation, to the said Collector of Internal Revenue, an income tax return for and in behalf of said Corporation for said calendar year 1937, stating specifically therein the items of the gross income of said Corporation for the said calendar year of 1937 to have been the sum of \$48,963.07, and no more, derived and computed as follows

Gross Receipts	\$	326,954.32
Less cost of operations		278,059.66
Gross Profit		48,894.66
Interest		68.41
Gross Income	\$	48,963.07

and stating specifically the items of deduction (other than those taken in computing the amount of gross income aforesaid) allowed to said Corporation by said Revenue Act for said calendar year 1937 to have been the amount of \$38,072.97 on account of the following:

Compensation of officers	\$	10,000.00
Rent on office		600.00
Insurance		1,127.75
Taxes		5,915.75
General Expense		4,599.17
Depreciation		2,447.02
Advertising		5,292.51
Traveling		5,108.09
Supplies		5,253.25
Contributions		573.16
Light, Heat and Telephone		1,176.27
Total	\$	38,072.97

and stating therein no other item or items of deduction and stating the net income of said Corporation for said calendar year 1937 to have been the sum of \$10,890.10, and no more, and showing the total income tax due and payable by said Corporation for said calendar year 1937 to have been the sum of \$1,137.91, and no more; and the said Corporation did thereafter pay to the said Collector of Internal Revenue the sum of \$1,137.91, and no more, as and for said income tax of said Corporation for the said calendar year 1937, except the sum of \$509.49 paid April 11, 1939, by reason of an additional assessment made by the Commissioner of Internal Revenue;

Contrary to the form of the statute in such cases made and provided and against the peace and dignity of the United States of America.

COUNT IX

And the grand jurors aforesaid, upon their oaths aforesaid, do further present and charge that the Missouri Asphalt Products Company, hereinafter sometimes called the Corporation, during the calendar year 1935 and until and including the 13th day of May, 1936, and at all times thereafter, was a corporation duly organized, existing and doing business under and by virtue of the laws of the State of Missouri and, among other things, engaged in the business of asphalt products; that the principal office and principal place of business of said Corporation was, at all the times herein mentioned, in the City of Kansas City, Jackson County, Missouri, and within the Sixth United States Internal Revenue Collection District of Missouri and within the jurisdiction of this court; that said Corporation was not a corporation exempt from taxation under the provisions of the "Revenue Act of 1934" and as amended by the "Revenue Act of 1935"; that during the same time the regular accounting period of said Corporation was on the basis of a calendar year and not on the basis of a fiscal year; that for the said calendar year of 1935 the said Corporation had, derived and received a gross income of over \$5,000, computed in accordance with the "Revenue Act of 1934" and as amended by the "Revenue Act of 1935" (and exclusive of items which, under the provisions of said Revenue Act, shall not be included in said gross Income and shall be exempt from taxation), to wit \$196,837.78, derived and computed as follows, that is to say:

Gross receipts from sales as disclosed by the books and records of the said Missouri Asphalt Products Company	\$	196,857.78
Gross Income		196,837.73

That during the said calendar year 1935 the said Corporation was entitled to and allowed by said Revenue Acts deductions (other than those deductions taken in computing gross income as aforesaid) in the sum of \$87,168.91, and no more, on account of the following:

Material and Supplies	\$	46,187.94
Payroll		9,698.44
Office Salaries		30,000.00
Plant Expense		1,184.15
Taxes paid		98.58

Total \$ 87,168.91

That accordingly the said Corporation had, derived and received for said calendar year 1935 a net income (the gross income less the deductions allowed by law) of \$109,668.87, upon which said net income, after allowance of all credits to which the said Corporation was entitled under the provisions of the said Revenue Acts, the said Corporation owed to the United States of America an income tax of \$15,079.47; that, by reason of the foregoing facts the said Corporation, after the close of the said calendar year, and on or before the 16th day of March, 1936, was required to make, under oath, to the Collector of Internal Revenue for the Collection District aforesaid at Kansas City, Jackson County, Missouri, within the Western District of Missouri and within the jurisdiction of this court, a return for the said calendar year stating specifically the items of the gross income of said Corporation and the deductions and credits allowed by the said Revenue Acts, and the said Corporation aforesaid was further required, on or before the 16th day of March, 1936, to pay at least one-fourth the amount of the income tax so due and owing to the United States as aforesaid to the Collector of Internal Revenue aforesaid, unless the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, should grant to the said Corporation aforesaid an extension of the time for so making and filing its said income tax return; that on the 9th day of March, 1936, the Commissioner of Internal Revenue, acting under and by virtue of the rules and regulations prescribed by himself, with the approval of the Secretary of the Treasury, did grant to the aforesaid Corporation an extension of time for so making and filing its said income tax return, which aforesaid extension was an extension from the 16th day of March, 1936, until and including the 15th day of May, 1936; that upon the granting of the extension aforesaid to the Corporation aforesaid by the Commissioner of Internal Revenue aforesaid, it then became and was thereupon and continued to be the duty of the said Corporation, and it was required to make under oath, duly sworn to by its president, vice-president or other principal officer, and by its treasurer or assistant treasurer, on or before the 15th day of May, 1936, to the Collector of Internal Revenue for the Collection District aforesaid at Kansas City, County of Jackson, State of Missouri, and within the jurisdiction of this court, an income tax return for the said



calendar year 1935, stating specifically the items of the gross income of said Corporation and the deductions and credits allowed by the said Revenue Act, and the said Corporation was further required on or before the 15th day of May, 1936, to pay at least one-fourth of the amount of income tax so due and owing to the said Collector of Internal Revenue.

That the said defendant, John J. Pryor, being and purporting to be, then and there, and at all the times herein mentioned, the duly elected and acting president of said Corporation, and at all the times herein mentioned acting and purporting to act as such, and representing himself to be such officer, and well knowing all of the facts hereinbefore stated, did, on the 4th day of May, 1936, at Kansas City, Jackson County, Missouri, in the Western Division of the Western District of Missouri, and within the jurisdiction of this court, wilfully, knowingly, unlawfully and feloniously attempt to evade and defeat a large part of the said income tax due from said Corporation upon the said net income of said Corporation for the said calendar year 1935, said large part of said income tax amounting to and being \$13,634.33, and as a means of so wilfully, knowingly, unlawfully and feloniously attempting to evade and defeat said large part of said income tax of said Corporation, did, on the 13th day of May, 1936, at Kansas City, Jackson County, Missouri, in the State and Jurisdiction and Division and District aforesaid, make and cause to be made, under his oath as President of said Corporation, to the said Collector of Internal Revenue, an income tax return for and in behalf of said Corporation for said calendar year 1935, stating specifically therein the items of the gross income of said Corporation for the said calendar year of 1935 to have been the sum of \$48,608.52, and no more, derived and computed as follows:

Gross Receipt		\$	278,182.30
Less cost of operations			
(a) Salaries and Wages	\$	114,915.09	
(b) Other costs		122,658.69	
			237,573.78
Gross Income		\$	40,608.52

and stating specifically the items of deduction (other than those taken in computing the amount of gross income aforesaid) allowed to said Corporation by said Revenue Acts for

said calendar year 1935 to have been the amount of \$30,098.38 on account of the following:

Compensation of Officers	\$	30,000.00
Taxes		98.58
	\$	30,098.38

and stating therein no other item or items of deduction and stating the net income of said Corporation for said calendar year 1935 to have been the sum of \$10,510.14, and no more, and showing the total income tax due and payable by said Corporation for said calendar year 1935 to have been the sum of \$1,445.14, and no more and the said Corporation did thereafter pay to the said Collector of Internal Revenue the sum of \$1,445.14, and no more, as and for said income tax of said Corporation for the said calendar year 1935;

Contrary to the form of the statute in such cases made and provided and against the peace and dignity of the United States of America.

Thomas A. Costolow, Asst. United States Attorney

A TRUE BILL:

E R [MS. Illegible], Foreman of the Grand Jury

Form No. 195, No. 14742

UNITED STATES DISTRICT COURT Western District of Missouri Western Division

THE UNITED STATES OF AMERICA

vs.

John J. Pryor

INDICTMENT

Vio: Sec. 145, T. 26

A true bill, Foreman.

Filed in open court this\_ day of\_ , A.B. 19, Clerk.

Bail, \$

FILED DEC -1 1939

A. L. ARNOLD, Clerk,

By W.W. Caster, Deputy