



Finding Aid for

JOHN F. DODGE ESTATE TRUST LAWSUIT COLLECTION, 1902-1928
Accession 96

Finding Aid Published: January 2011



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SUMMARY INFORMATION

CREATOR: Detroit Trust Company

TITLE: John F. Dodge Estate Trust Lawsuit collection

INCLUSIVE DATES: 1902-1928

BULK DATES: 1925-1928

QUANTITY: 9.2 cubic ft. and 1 oversize box

ABSTRACT: Financial records, correspondence, and legal documents relating to a tax liability lawsuit stemming from John F. Dodge's stock ownership in Ford Motor Company.

ADMINISTRATIVE INFORMATION

ACCESS RESTRICTIONS: The collection is open for research

ACQUISITION: Ford Motor Company Archives donation, 1964

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PREFERRED CITATION: Item, folder, box, Accession 96, John F. Dodge Estate Trust Lawsuit collection, Benson Ford Research Center, The Henry Ford

PROCESSING INFORMATION: Finding aid prepared by BFRC staff and Dr. Trent Boggess June and October, 2005

HISTORICAL NOTE

When John F. Dodge died in January 1920, his will provided for the establishment of a trust managed by the Detroit Trust Company in Detroit, Michigan. In 1919, just the year before, John Dodge, his brother Horace Dodge, James Couzens, and the other minority shareholders in the Ford Motor Company (FMC) were approached about selling their FMC stock. Before the Dodge brothers would sell their shares, they wanted to know what the Federal income taxes would be on the proceeds. The Commissioner of the Bureau of Internal Revenue (BIR) did a study of FMC and concluded that the value that should be assigned to a share of FMC stock as of March 1, 1913 was \$9,489.34. The Dodges agreed to sell their FMC stock for \$12,500 per share and paid taxes on a capital gain of \$3,010.66 per share.

In March 1925, the BIR conducted a review of James Couzens' 1919 income tax return, twelve days before the statute of limitations was due to expire. A new study of the 1913 valuation by the BIR claimed a valuation of \$9,489.34 was too high and claimed a much lower valuation of \$2,600 per share. The BIR notified other former FMC minority shareholders that because of the lowering of the 1913 valuation of the stock, capital gains were increased to \$8,900 per share and additional taxes and interest were due. Each of the Dodge brothers' estates received notification of an additional tax due of \$5,004,399.20.

Nine of the then former minority shareholders protested and petitioned the U. S. Board of Tax Appeals for an abatement of the additional tax. They won their case after three and a half years of legal hearings and appeals.

SCOPE AND CONTENT NOTE

The John F. Dodge Estate Trust Lawsuit collection is comprised of documents assembled by a Detroit Trust Company vice president, Raymond H. Berry, while representing the estate in the Additional Tax Case of the Bureau of Internal Revenue (BIR) versus the Ford Motor Company's (FMC) former minority shareholders. Berry was the primary contact with the Ford Motor Company, which cooperated fully with the appellants. The documents in the collection pertain almost exclusively to the case and provide voluminous evidence supporting a value of \$9,489.34 or more for a share of FMC stock in 1913.

The records are arranged into two series. The first and most substantial is the **Topical Files series**, 1902-1928 (9.2 cubic ft.), which is arranged alphabetically by subject. The series includes copies of most of the important documents relating to the case, including memoranda of conferences with potential witnesses, outlines of the planned case against the BIR, exhibits, briefs, and other material used by the attorneys. It is an excellent source for researchers interested in the early years and products of the Ford Motor Company, its production techniques, its finances, and its key personnel. Included are FMC financial statements, lists of FMC plants

and their dates of establishment, annual reports to the state of Michigan from 1921 to 1924, annual reports to the state of Delaware from 1919 to 1925, and various production and earnings records. There is also information regarding competing automotive firms, memoranda with key industry leaders, material relating to the Dodge brothers from 1916 until their deaths in 1920, key published pieces on the history of the automotive industry, comprehensive bibliographies, and material documenting road construction in Michigan from 1905 to 1924.

FMC personnel interviewed include Peter E. Martin and Gus Degner on factory techniques; Clarence Avery on the development of the moving assembly line; Fred Diehl on purchasing; Stanley Hoag of the Traffic Department; John R. Lee on the Sociological Department; William Knudson on the branch assembly plant system; and Joseph Galamb on Model T design. Executives with FMC suppliers interviewed include representatives of the Rand Manufacturing Company, the Kelsey Wheel Company, and the C. R. Wilson Body Company. Officers of competitive automotive firms interviewed include Roy Chapin of the Hudson Motor Car Company; Charles D. Hastings of the Hupp Motor Car Company; Fred J. Haynes, president of Dodge Brothers; Walter Marmon of the Marmon Motor Car Company; and Windsor White, president of the White Motor Company. Three of the shareholders were interviewed: John W. Anderson, Horace Rackham, and David Gray.

The petitioner's attorneys also contacted and interviewed two well-known technical writers: Fred H. Colvin and Fay Leone Faurote. Colvin had visited the Ford plant in Highland Park in February of 1913, spent ten days inspecting the factory, and wrote a series of articles that ran in *American Machinist*. A series of photographs taken by Spooner & Wells, a photographic firm hired by Colvin, contributed significantly to the documentation of operations and machinery. The second technical writer, Fay Leone Faurote was hired as a researcher in 1926 by the attorneys. His research includes bibliographies, lists of potential witnesses, lists of machines, and dates of machine installation. Of particular note are copies of the Spooner & Wells photographs that contain Faurote's detailed written comments. In his notes, he explained what was unique about the machines, their purpose, and production economies affected by their use.

A very small second series, **Financial series**, 1904-1919 (1 oversize box), is comprised of Ford Motor Company monthly financial statements from 1904 to 1919; notices of deficiency of taxes for the John F. Dodge General Trust for 1925; copies of stock certificates; and other material related to the request for additional tax from the BIR.

NOTE: *Extended and detailed descriptive information is available in an expanded annotated finding aid created by Dr. Trent Boggess in 2005. It is filed in the first folder of the first box.*

BOX AND FOLDER LISTING

Box no. Description

Box 1

TOPICAL FILES

Annotated Finding Aid Prepared by Dr. Trent Boggess
Advertisements: Re: Selden Patent, 1904, 1910
Ainsworth, Charles H., Re: FMC Good Will Valuation, 1926
Anderson, J.W., Claim for Tax Adjustment; FMC Stock Certificate; Conference
1909-1927
Angell, M.B., Correspondence, 1926, 1927
Amended Answer, 1925-1926
Auto Manufacturers
 Data Prior to 1914, 1910-1914
 Financial Analyses, 1925
 General Motors, Financial Charts On, 1911-1916
 Graphs of Common Stock Prices & Net Earnings, 1909-1926
 Rate of Capitalization Charts, 1911-1925
Automobile Chamber of Commerce, N.Y., Automotive Industry Development,
1913, 1926
Automotive Industry: History, 1909-1914
Non-Auto Business Corporations: Stock Values, 1910-1914
A: Miscellaneous, 1926

Box 2

Ballentine, Arthur: Re: FMC Stock Valuation, 1926
Barnes, Edward A., Correspondence (Attorney for Dodge Estate), 1922
Barthel, Theodore: Biography, 1926
Berger, Emanuel T: Option Stipulation, FMC Stock, 1919-1927
Berry, R.H.
Personal (definitions, graphs, notes), 1918-1929
Work Allotted To, 1926-1927
Bibliographies: Motor Industry & Relation of FMC Thereto, 1906-1913
Blakeslee, J.R., Re: Ajax Manufacturing Co. and FMC, 1910-1926
Bloomer, Howard B., Correspondence Re: Option on FMC Stock, 1920-1926
Board of Tax Appeals: Petitions, Pleadings, Answers, Etc., 1925-1927
Bornholt, Oscar C., Re: FMC, 1913-1926
Boyden, Rolandkk (empty)

Box 3

Briefs, 1925-1927 (4 folders)
Bureau of Internal Revenue: Regulations & Bureau History Stipulation, 1919-1927
B: Miscellaneous, 1919-1928
Cain, Paul: Re: Suit, 1926
Capital Stock Tax, 1917-1926

Box 3 (cont.)

TOPICAL FILES (CONT.)

Chapin, Roy D., Re: Auto Industry Development, 1926
Charitable Contributions: Legal Decisions, Etc., undated
Citations Pertinent to Previous Judicial Cases, undated
Clay, Paul: Re: Economic Conditions in 1912, 1913, & 1919, 1912-1927
Colvin, Fred H., re. Articles on FMC (American Machinist), 1926
Conferences: Joint, 1926
Conferences: Miscellaneous, 1926
Curtis Publishing Co., Re: Survey of Auto Industry in 1913, 1926 (3 folders)
Continental & Commercial National Bank, Chicago, 1926
Couzens, James: Income Tax, 1925
Court of Claims, 1924-1926
C: Miscellaneous, 1925-1927

Box 4

Davis, John W., Re: Tax Hearing, 1926
Davies & Jones: Correspondence, 1926-1927
Dearborn Independent: Opinion of R.H. Berry, 1926
Decisions, 1925-1926
Digest of Evidence, 1926
Dodge Brothers
 Data on Contributions Not Challenged, 1919-1920
 Balance Sheets, Check Registers, Etc., 1919-1926
 Income Tax Return, 1919-1924 (3 folders)

Box 5

Dodge, John
 Amended Answer, undated
 Appeal (Photostat of original return for 1919), 1919
 Charitable Contributions, 1918-1927 (folders)
 Income Tax Paid, 1919-1926
 Stipulations, 1919-1927 (3 folders)
 Tax Returns, 1917-1927 (2 folders)

Box 6

Dodge, Horace E.
 Claim for Tax Refund, 1925 (2 folders)
 Charitable Contributions, 1919
 Estate, 1919-1927 (2 folders)
 Stipulations, 1919-1924 (2 folders)
 Tax Returns, 1917-1927 (2 folders)

Box 7

TOPICAL FILES (CONT.)

Dover, Elmer: Re: FMC Stock, undated
Durant, W.C., Re: Henry Ford Sale Offer (FMC in 1910), 1926
D: Miscellaneous, 1926
Effect of Compromise, 1927
Emde, Carl: Re: FMC Machinery, 1927
Exhibits, List of Respondent Exhibits E, F, & G, 1913-1927
Expenses, 1926
Factors in Valuing Intangibles, 1913
Faurote, Fay Leone: Automotive Bibliography & Special Ford Machines &
Processes, 1926
Field Investigations
 Individual Returns, 1919
 Status of, 1923-1926
Finance Committee, 1926
Financial Statements, 1903
Flood, Colonel: Re: Securities Sales, 1926

Box 8

Ford Motor Company
 Annual Reports (Michigan), 1919
 Annual Reports to the Michigan Secretary of State, 1919-1924
 Balance Sheets 1903-1926 (4 folders)

Box 9

Branches, Establishment and Construction, 1904-1919
 Ford of Canada
 Ford of England
Capital & Surplus, 1904-1919
Delaware, FMC: Articles of Incorporation, 1919-1926
Depreciation, 1903-1913
Dividends, 1927-1917
Earnings and Profits, 1903-1908
Factory Cost & Sales, 1907-1914
Inventories, Monthly, 1908-1919
Internal Revenue Service Request for Information, 1926
Journal Entries, 1911-1912
Massachusetts, 1910-1919
Minutes, Directors and Stockholders Meetings, 1907-1919
Ninety Day Note Dated July 16, 1919
Officials, 1926

Box 10

TOPICAL FILES (CONT.)

Ford Motor Company (cont.)
Owner's Equity, 1908-1919
Production, 1899-1925
Profit-Loss Analysis, 1907-1919
Real Estate, 1913
Salary-Payroll, 1908-1919
Sales, 1907-1923
Sample Case, John F. Dodge vs. Ford Motor Company, American Law Report,
1919
Statistics, 1914-1918
Tangibles, 1909-1913
Unfilled Orders, 1908-1916
Valuation of Good Will, 1913
Valuation of Stock (2 folders), 1913

Box 11

Franklin Automobile Co., Automobiles, Production & Price, 1902-1926
Friday, David: Automobiles, Financial Data, 1926
F: Miscellaneous, 1927
Galamb, Joseph: Ford Motor Co. Development, 1919
Good Roads, 1905-1924
Goss (Pres. Electric Refrigeration Co.) Re: FMC stock, 1926
Government Valuations, 1913-1926
Graphs & Charts, 1926
Gray Estate: Re: Tax Abatement Suit, 1916-1922
Gregg, A.W. (General Counsel): RE. Courtroom Facilities, 1926
G: Miscellaneous, 1925-1927
Hastings, Charles D. (Hupp Motor Co.): Re: Automotive Development, 1926
Hawkins & Gies: Re: FMC Stock Valuation, 1909-1915
Hawkins, Norval A., Re: Compensation as Witness, 1926
Haynes, Fred J. (Pres. Dodge Co.) Re: FMC Development 1912-1914
Healy, Fred A., Automotive Development, 1914
Hoyt, Mitchell: Re: FMC Stock Valuation, 1913
Hypothetical Questions, 1926
H: Miscellaneous, 1927
Investment Bankers, 1926
I: Miscellaneous, 1925
Jend, D.J., Re: FMC Purchasing & Production, 1913 and 1926
Jewett, A.B., Re: FMC Photographic Dept., 1913 and 1926
J: Miscellaneous, 1926-1927
Kales, Alice Gray: Claim for Tax Refund, 1927
Kelsey Wheel Company: Re: Sales to Ford Motor Company, 1926
Klingensmith, F. L., Re: FMC Development, 1926
Knudsen, Wm. S., Re: FMC Development, 1926

Box 11 (cont.)

TOPICAL FILES (CONT.)

K: Miscellaneous, 1927

Box 12

Laws and Regulations to Consider, 1918, 1924, and 1926
Lee, John, Re: Ford Motor Company Development, 1908-1919
Leland, Henry M., Re: Automotive Development, 1926
Lucking, Alfred: Re: Henry Ford Purchase of Minority Stock, 1925
L: Miscellaneous, 1925-1927
Macauley, Alvah: Re: Ford Motor Company Development, 1926
Marmon, Walter C., Re: Automotive Development, 1926
Martin, P.E.–Hartner-Degner: Re: FMC Development, 1906-1913, 1926
Mattson (Bureau of Revenue Auditor): Re: Berger Option, 1926
McMaster: Re: Tax Matters, 1926
McMeans, Alfred L.
 Statements, 1919-1926
 Depositions, 1926
McInnerny, T.H., Re: Ford Motor Company Stock Valuation, 1913-1925
Michigan Taxation, 1911
Minutes, 1925-1926
Miscellaneous, 1913-1926
Morgan, Henry S., RE Ford Motor Company Stock Valuation, 1926
Morgana, Charles: Ford Motor Company Development, 1926
Mott, C.S., RE Interview, undated
M: Miscellaneous, 1925-1927
Nash, C.W., Automotive Industry Development, 1909-1913
N: Miscellaneous, 1925-1926

Box 13

Opinion Rendered, 1928
Options, 1919
Other Tax Controversies, 1926
Outline of Theory of Case, 1926

Box 14

Papers in the Possession of Detroit Trust Co. (list of), 1920
Parker, L.H., Reports, 1926
Parlin, C.C., Automotive Industry Report, 1912
Petitions and Answers, 1926-1927
Phelps, George Harrison, Re: FMC Good Will Valuation, 1926
Phillips, I.I., Re: FMC Stock Valuation, 1921-1927
Plant Equipment, 1912-1926
Platte, C.H., Re: FMC Stock Valuation 1913, 1926
Pleadings, 1913-1928
Policy, 1919-1926

TOPICAL FILES (CONT.)

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Power of Attorney, 1925

Prentis, John W. (empty)

Preparation of Case, 1926

Prescott, Raymond B., Automotive Industry Development, 1926

Box 15

Proceedings, 1926-1928

Agreed Statement of Facts

Appendix to Claimants' Brief: Agreed Statement of Facts

Brief of in support of Appraisal (empty)

Brief of Respondent

Memorandum Brief on Statute of Limitations

Petition of the Tax Payer

Petition on Appeal

James Couzens

Philip H. Gray (deceased)

Petitioners' Brief & Argument

Petitioners' Exhibits

Berger, Emmanuel (A-M)

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Exhibits #1-74

Exhibits #75-124

Exhibits #124-169

Exhibits, 194, 195 & 209.

Exhibits (Extra).

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Petitioners' Reply Brief: Tax Cases of Other Estates, May 1927

John W. Anderson Estate

Philip Gray Estate

Rosetta V. Hauss Estates

Petitioners' Statement of Facts, April 1927

Reply Brief of Respondent, 1927

Reply to Respondent's Brief on Collateral Issues, May 1927

Supplementary Statement of Facts & Brief on Collateral Issues, 1927

Tax Cases of Other Estates, undated

Box 18

Publications

American Machinist, 1913 (2 folders)

Automobile Trade Journal, 1912-1913

Barron's Weekly, 1927

Box 18 (cont.)

TOPICAL FILES (CONT.)

Publications (cont.)

Bibliographies & General, 1912-1926
Chilton Class Journal Company, 1926
Commercial Car Journal, 1913
Detroit Free Press, 1913, 1919
Ford Times March 1911 & February 1913
Los Angles Times, 1919
Motor May, 1926
Motor World, August 1913
New York Times, July 1919
The FRA, 1912-1913
P: Miscellaneous, 1925-1926

Rackham, Horace H., Re: FMC Development & Claim for Tax Refund, 1916-1918
Regulations & Rulings: Treasury Department, 1924

Box 19

Roper, Daniel C., Re: FMC Stock Valuation, 1919-1926
R: Miscellaneous, 1925
Selden Patent, 1900-1910
Sixty Day Letter, 1925
Smith, W.H., Re: FMC Development, 1926
Staley, John W., Re: FMC Stock Valuation, 1926
Statement of Facts, 1927
Stipulations, 1919-1926
Bureau History of Charitable Items
Complete Set (3 folders)

Box 20

Correspondence
Exhibits
Miscellaneous
Signed

Box 21

Stipulation #1
John Dodge
Ford Motor Company
Horace Dodge
Stipulation # 2
John Dodge
Horace Dodge
John F. Dodge and Horace E. Dodge

Box 21 (cont.)

TOPICAL FILES (CONT.)

Studebaker Corporation: Excerpts from "History of the Studebaker Corporation,"
1914-1918
S: Miscellaneous, 1926-1927

Box 22

Talbert, P.S., Re: FMC Stock Valuation, 1926-1927
Tax Letters & History, 1926
Tax Simplification Board, 1926
Thurston, T.C., Re: FMC Stock Valuation, 1926
Tinker, E.R. (Chase Securities Corp): Re: FMC Stock Valuation, 1926
Transfer of Stock, 1919-1926
Trial Brief, 1926-1927 (2 folders)
T: Miscellaneous, 1926
Unassigned Matters, 1923-1926
Unpaid Bills, 1927
United States Steel Corporation: Financial Report, 1924
U, Miscellaneous, 1927
Valuation of Good Will, 1926
Valuation of Stock, 1919 and 1926
 Comparative Value with Stock of Leading Banks
 Close Corporations
 Original
V: Miscellaneous, 1927

Box 23

Walker, Elisha: Re: FMC Stock Valuation, 1926
Webb, Stuart W., 1919
 Agreement to Purchase FMC Stock
 FMC Stock Deposited with Detroit Trust Co.
Wendell, Barrett, Jr., Re: Testifying, undated
Willys-Overland Company: Assets, Liabilities, Stock Prices, 1914
Wilmer, Edward G., Lecture Re: Dodge Bros., Inc., 1925
Wilson Body Co., FMC Development, 1910-1913
Witnesses, 1926-1927
 Bankers
 Bowers (New York Trust Co.)
 Bradley, Chas. C. (Union Trust Co., Cleveland)
 Mitchell, C.E.
 Sherwin, John
 Tilney (Bankers Trust Co.)
 Ward (National Bank of Commerce)
 Prospective
 Outline for Conferences
W: Miscellaneous, 1927

FINANCIAL

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Additional Income Tax, 1924-1925
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Dodge Estates Corporation Stock
Certificates.
Petitions and Appeals
Revenue Agents

Box 24 (oversize)

FMC's monthly financial statements, 1904-1919