

The Burger Court Opinion Writing Database

Nash v. United States

398 U.S. 1 (1970)

Paul J. Wahlbeck, George Washington University

James F. Spriggs, II, Washington University

Forrest Maltzman, George Washington University



Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
THE CHIEF JUSTICE

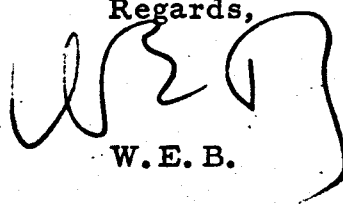
May 13, 1970

Re: No. 678 - Nash v. U. S.

Dear Bill:

I join with you.

Regards,

A handwritten signature in dark ink, appearing to be 'W.E.B.' followed by a stylized flourish.

W.E.B.

Mr. Justice Douglas

cc: The Conference

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To: The Chief Justice
Mr. Justice Black
Mr. Justice Douglas
Mr. Justice Harlan
Mr. Justice Brennan ✓
Mr. Justice White
Mr. Justice Fortas
Mr. Justice Marshall

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SUPREME COURT OF THE UNITED STATES

No. 678.—OCTOBER TERM, 1969

From: Stewart, J.

Circulated: MAY 7 1970

James G. Nash, et al.,
Petitioners,
v.
United States.

On Writ of Certiorari to the
United States Court of Ap-
peals for the Fifth Circuit.

[May —, 1970]

MR. JUSTICE BLACK and MR. JUSTICE STEWART,
dissenting.

We agree with the reasoning of Judge Tuttle's opinion for the Court of Appeals in this case, 414 F. 2d 627, and with Judge Raum's opinion for the Tax Court in *Schuster v. Commissioner*, 50 T. C. 98. Accordingly, we would affirm the judgment.

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4/2/70

To: The Chief Justice
Mr. Justice Black
Mr. Justice Harlan
Mr. Justice Brennan ✓
Mr. Justice Stewart
Mr. Justice White
Mr. Justice Fortas
Mr. Justice Marshall

1

SUPREME COURT OF THE UNITED STATES

No. 678.—OCTOBER TERM, 1969

Filed: 5/4/70

James G. Nash, et al.,	} On Writ of Certiorari to the
Petitioners,	
v.	
United States.	United States Court of Ap- peals for the Fifth Circuit.

[May —, 1970]

MR. JUSTICE DOUGLAS delivered the opinion of the Court.

Petitioners were partners operating eight finance offices. The partnership reported its income on the accrual method of accounting and instead of deducting bad debts within the taxable year as permitted by 26 U. S. C. § 166 (a) it used the reserve method of accounting as permitted by § 166 (c). Under the reserve method of accounting a taxpayer includes in his income the full-face amount of a receivable on its creation and adjusts at the end of each taxable year the reserve account so that it equals that portion of current accounts receivable which is estimated to become worthless in subsequent years. Any additions necessary to increase the reserve are currently deductible. When an account receivable becomes worthless during the year, the reserve account is decreased and no additional bad debt deduction is allowed. As of May 31, 1960, the partnership books showed accounts receivable of \$486,853.69 and a reserve for bad debts of \$73,028.05.

On June 1, 1960, petitioners formed eight new corporations and transferred the assets of the eight partnership offices, including the accounts receivable, to the corporations in exchange for shares of the corporations—

Charg thought

To: The Chief Justice
Mr. Justice Black
Mr. Justice Harlan
Mr. Justice Brennan ✓
Mr. Justice Stewart
Mr. Justice White
Mr. Justice Fortas
Mr. Justice Marshall

2

From: Douglas, J.

SUPREME COURT OF THE UNITED STATES

No. 678.—OCTOBER TERM, 1969

Recirculated: 5/15/70

James G. Nash et al., Petitioners, v. United States.	} On Writ of Certiorari to the United States Court of Ap- peals for the Fifth Circuit.
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[May 18, 1970]

MR. JUSTICE DOUGLAS delivered the opinion of the Court.

Petitioners were partners operating eight finance offices in Alabama. The partnership reported its income on the accrual method of accounting and instead of deducting bad debts within the taxable year as permitted by § 166 (a) of the Internal Revenue Code of 1954 it used the reserve method of accounting as permitted by § 166 (c). Under the reserve method of accounting a taxpayer includes in his income the full-face amount of a receivable on its creation and adjusts at the end of each taxable year the reserve account so that it equals that portion of current accounts receivable which is estimated to become worthless in subsequent years. Any additions necessary to increase the reserve are currently deductible. When an account receivable becomes worthless during the year, the reserve account is decreased and no additional bad debt deduction is allowed. As of May 31, 1960, the partnership books showed accounts receivable of \$486,853.69 and a reserve for bad debts of \$73,028.05.

On June 1, 1960, petitioners formed eight new corporations and transferred the assets of the eight partnership offices, including the accounts receivable, to the

May 6, 1970

Re: No. 578 - Nash v. United States

Dear Bill:

I agree with your opinion.

Sincerely,

J. M. R.

Mr. Justice Douglas

U.S. Supreme Court

by
GPO
Re

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE WM. J. BRENNAN, JR.

May 5, 1970

RE: No. 678 - Nash v. United States

Dear Bill:

I agree.

Sincerely,

Bill
W. J. B. Jr.

Mr. Justice Douglas

cc: The Conference

674
Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE WM. J. BRENNAN, JR.

May 7, 1970

RE: No. 678 - Nash v. United States

Dear Bill:

I agree.

Sincerely,


W. J. B. Jr.

Mr. Justice Douglas

cc: The Conference

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Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE BYRON R. WHITE

May 5, 1970

Re: No. 678 - Nash v. United States

Dear Bill:

Please join me.

Sincerely,


B.R.W.

Mr. Justice Douglas

cc: The Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE THURGOOD MARSHALL

May 8, 1970

Re: No. 678 - Nash v. United States

Dear Bill:

Please join me.

Sincerely,


T.M.

Mr. Justice Douglas

cc: The Conference

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