

University of Missouri-Kansas City School of Law

UMKC School of Law Institutional Repository

Faculty Works

Faculty Scholarship

2002

How the Board of Tax Appeals Changed Hollywood History

Allen K. Rostron

Follow this and additional works at: https://irlaw.umkc.edu/faculty_works



Part of the [Law Commons](#)

HOW THE BOARD OF TAX APPEALS CHANGED HOLLYWOOD HISTORY

Allen Rostron*

Everyone remembers when Charlton Heston, as Moses, held his staff toward the heavens and the Red Sea parted in Cecil B. deMille's epic motion picture *The Ten Commandments*.¹ Few know the curious tale of tax law that lies behind it. In the early 1930s, the Bureau of Internal Revenue claimed that Cecil and his brother, William C. deMille, also a successful motion picture director, had used personal service corporations to avoid huge amounts of income tax. The deMilles fought the charges. One brother emerged victorious, his career flourished, and he later gave credit to the wisdom of a tax court judge for making it possible for him to make legendary films like *The Ten Commandments*. The other brother lost, never made another motion picture, and blamed the nation's repressive tax regime for his troubles. This is the story of how the accumulated earnings tax and two decisions by the Board of Tax Appeals changed Hollywood history.

When the Bureau of the Internal Revenue launched a crackdown on tax dodging in Hollywood, it set its sights on two men who shared the biggest name in town. William was the older of the deMille brothers by three years, and was the first to find success in show business, working on Broadway as an actor, writer, and director.² After following in his brother's theatrical footsteps for a dozen years, Cecil decided to jump into the motion picture business, striking out for Los Angeles in 1913 to begin shooting his first picture. He went on to make spectacular silent epics such as *The King of Kings* that were among the most successful films in history to that time.³ Within a year after Cecil started making pictures, William followed his little brother's trail to Hollywood. While never achieving the same degree of fame and fortune, William was among the busiest directors in the industry.

William followed his brother's lead in one other fateful respect. In 1922, Cecil formed a corporation, Cecil B. deMille Productions, Inc., and started working for it rather than being hired directly by studios. Cecil, his wife, and their daughter owned all but three of the corporation's 4,000 outstanding shares.⁴ The corporation entered into contracts with studios and received payments for the use of Cecil's services as a director.⁵ The money flowing into the corporation greatly exceeded the amount being paid out to Cecil and others as salaries and dividends, so the corporation's surplus grew to more than \$1 million by the end of 1926 and to over \$1.6 million by the end of 1929.⁶

*Allen Rostron is a Senior Staff Attorney at the Brady Center to Prevent Gun Violence; B.A., University of Virginia, 1991; J.D., Yale Law School, 1994.

¹THE TEN COMMANDMENTS (Paramount 1956).

²SUMIKO HIGASHI, CECIL B. DEMILLE: A GUIDE TO REFERENCES & RESOURCES 10-11 (1985).

³THE KING OF KINGS (Producers Distributing Corp. 1927).

⁴DeMille v. Commissioner, 31 B.T.A. 1161, 1171 (1935), *aff'd sub nom.*, Cecil B. DeMille Prods., Inc. v. Commissioner, 90 F.2d 12 (9th Cir.), *cert. denied*, 302 U.S. 713 (1937).

⁵*Id.* at 1166-70.

⁶*Id.* at 1170.

William was just a year behind his little brother. In 1923, he formed his own corporation, William C. deMille Productions, Inc., which also entered into a series of contracts with the major studios of the day.⁷ While never as profitable as Cecil B. deMille Productions, William's corporation compiled a surplus of nearly \$300,000 in earnings by the end of 1929.⁸

The Bureau of Internal Revenue took a dim view of these arrangements, which substantially reduced the taxes paid on the deMilles' earnings. At that time, individuals earning high incomes were subject to graduated surtaxes substantially exceeding the corporate tax rate.⁹ For the 1924 tax year, for example, Cecil faced a maximum individual income tax rate of 46%, while Cecil B. deMille Productions paid corporate income tax at a rate of only 12.5%.¹⁰ The gap shrank considerably the following year, when Congress reduced the highest individual rates to 25%, but accumulating income in a corporation remained a significant way to reduce taxes.¹¹

The Bureau had a menacing weapon with which to go after the deMilles. Aware of the potential for tax avoidance, Congress had provided for a 50% penalty tax on the net income of any corporation "formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders through the medium of permitting its gains and profits to accumulate instead of being divided or distributed."¹² At the end of 1930, the Bureau announced its conclusion that the deMille brothers' corporations owed this accumulated earnings tax on all their earnings since 1924.

Cecil received a tax bill for a staggering \$1.675 million,¹³ and it did not arrive at a good time. He had just completed a three-picture deal for MGM. Squeezed by the onset of the Depression and added production costs of shooting in sound for the first time, none of the pictures had been financially successful.¹⁴ The studios suddenly deemed Cecil "box-office poison" and he could not find a job.¹⁵ "If the government made good its claim, we were ruined financially," he later wrote. "We could not possibly pay the amount claimed. It would mean bankruptcy, personal as well as corporate."¹⁶ Cecil joked that he had pawned the family silver to finance his start in Hollywood, but he would have to sell it for good if he could not fend off the tax collectors' demands.¹⁷ "We resolved to

⁷William B. DeMille Prods., Inc. v. Commissioner, 30 B.T.A. 826, 827-28 (1934).

⁸*Id.* at 828.

⁹See Scott A. Taylor, *Corporate Integration in the Federal Income Tax: Lessons from the Past and a Proposal for the Future*, 10 VA. TAX REV. 237, 275 (1990).

¹⁰Revenue Act of 1924, Pub. L. No. 176, ch. 234, §§ 210, 230, 43 Stat. 253, 264, 282.

¹¹Revenue Act of 1926, Pub. L. No. 20, ch. 27, §§ 210, 230, 44 Stat. 6, 21, 39.

¹²Revenue Act of 1924, Pub. L. No. 176, ch. 234, § 220, 43 Stat. 253, 277.

¹³*DeMille*, 31 B.T.A. at 1161.

¹⁴DYNAMITE (MGM 1929); MADAME SATAN (MGM 1930); THE SQUAW MAN (MGM 1931); CECIL B. DEMILLE, THE AUTOBIOGRAPHY OF CECIL B. DEMILLE 303 (Donald Hayne ed., 1959) (hereinafter "AUTOBIOGRAPHY").

¹⁵CHARLES HIGHAM, CECIL B. DEMILLE 214 (1973); AUTOBIOGRAPHY, *supra* note 14, at 305.

¹⁶AUTOBIOGRAPHY, *supra* note 14, at 316.

¹⁷*Id.*

appeal the claim, of course; but for the next six years it was to hang over us like one of those avalanches poised over an Alpine village, ready to fall at the slightest jar."¹⁸

In late 1931, Cecil finally landed a deal with Paramount to make *The Sign of the Cross*, an epic mixture of sex, violence, and religion about a Roman soldier who falls in love with a young Christian woman.¹⁹ To win over the reluctant studio, Cecil had to agree to a strict spending cap, to pay half the production costs himself, and to work for a minimal salary.²⁰ Cecil's company had to go into debt to pay its share of the production costs.²¹ The head of the studio warned him, "Remember, Cecil, you are on trial with this picture."²² Meanwhile, Cecil still had his troubles with the Internal Revenue authorities weighing heavily on his mind as he pondered the themes of his latest picture. A month before starting to shoot *The Sign of the Cross*, Cecil told a reporter:

Do you realize the close analogy between conditions today in the United States and the Roman Empire prior to the fall? Multitudes in Rome were then oppressed by distressing laws, overtaxed and ruled by a chosen few. Unless America returns to the pure ideals of our legendary forbears, it will pass into oblivion as Rome did.²³

The Sign of the Cross was an enormous success, breathing life back into Cecil's career, at least temporarily.

Cecil made his way to Washington, D.C. in December 1933 for a hearing before Judge Edgar J. Goodrich of the Board of Tax Appeals.²⁴ Judge Goodrich heard four days of testimony from witnesses including Cecil's wife, bookkeeper, general manager, and attorney, but the highlight of the hearing came when the great director himself finally took the stand. Cecil regaled Judge Goodrich with anecdotes from his entire 20-year career in the motion picture business. Cecil recalled how it all began over lunch one day in 1913 when his friend Jesse Lasky suggested that they head west and go into the motion picture business. Cecil said he did not know anything about pictures. "Neither do I," Lasky said. "From the pictures I have seen we are just right for the business."²⁵ Samuel Goldwyn happened to walk by the table, and they appointed him head of distribution because he sold gloves and therefore "knew something about salesmanship."²⁶ Cecil invited his brother William to invest money in the venture that

¹⁸*Id.*

¹⁹THE SIGN OF THE CROSS (Paramount 1932)

²⁰HIGHAM, *supra* note 15, at 214.

²¹*Id.*

²²AUTOBIOGRAPHY, *supra* note 14, at 320-21.

²³HIGHAM, *supra* note 15, at 216.

²⁴Transcript of the Record in Three Volumes, vol. I, at 2, Commissioner v. Cecil B. DeMille Productions, Inc., 90 F.2d 12 (9th Cir. 1937) (No. 8144). This transcript was published by Parker Printing Co. in San Francisco in 1936 and is available at the Margaret Herrick Library at the Academy of Motion Picture Arts and Sciences in Los Angeles [hereinafter Transcript].

²⁵*Id.* at 307.

²⁶*Id.* at 307.

would turn Lasky and Goldwyn into two of Hollywood's biggest moguls, but William "said he would save the money to pay our fare home."²⁷

Cecil told the judge that he was "not desirous of giving a lecture on motion pictures," but then proceeded to do just that in order "to show that it is organization that makes the picture and no individual."²⁸ Cecil testified in detail about what goes into making a feature motion picture, from special effects and costumes to the work of hair dressers, script girls, electricians, and camera operators.

The attorney for the Bureau of Internal Revenue finally rose to object, saying that he did not want to deprive the judge of hearing Cecil's discourse on the motion picture industry, but that it was all irrelevant to the tax case.²⁹ Judge Goodrich overruled the objection and encouraged Cecil to continue, saying "I confess I am very much interested. It is just like a trip to Hollywood."³⁰ When asked by his counsel to explain how he parted the Red Sea for a scene in the original silent version of *The Ten Commandments*,³¹ Cecil hesitated and asked if the court really wanted to hear about it. Judge Goodrich did.³²

Cecil was convinced that his performance on the stand had won over the court; "I did not see how any court could interpret the facts in the record other than as Mrs. deMille and I understood and testified about them. But everyone who goes into court thinks he is right; and government agencies, including courts, are unpredictable."³³

To add to his worries, Cecil's latest film opened shortly after he returned from testifying in Washington, and it was a flop.³⁴ Even worse news came a few months later, when the Board of Tax Appeals issued its decision in his brother's case, *William C. DeMille Productions, Inc. v. Commissioner*.³⁵ In a decision by Judge Ernest Van Fossan, the Board concluded that William's corporation had been used for the purpose of avoiding taxes on its stockholders.³⁶

William had made one crucial mistake. After their divorce in 1926, he owed his ex-wife Anna George deMille a property settlement of approximately \$200,000.³⁷ In a curious coincidence, she happened to be the daughter of the late Henry George, who achieved considerable fame in the last decades of the prior century as the founder of the "single tax" reform movement urging that all costs of government should be funded by a single tax on land, freeing labor and

²⁷*Id.* at 308.

²⁸*Id.* at 326.

²⁹Transcript at 327.

³⁰*Id.*

³¹THE TEN COMMANDMENTS (Paramount 1923).

³²Transcript, *supra* note 24, vol. I, at 332.

³³AUTOBIOGRAPHY, *supra* note 14, at 330.

³⁴FOUR FRIGHTENED PEOPLE (Paramount 1934). Cecil called it "one of my few spectacular failures at the box office." AUTOBIOGRAPHY, *supra* note 14, at 330.

³⁵30 B.T.A. 826 (1934).

³⁶*Id.* at 831.

³⁷*Id.* at 828-29; *Wm. DeMille and Wife Separate; Avoid Fireworks*, N.Y. TELEGRAPH, Jan. 8, 1927.

capital of the crippling burden of taxation.³⁸

To make the settlement payment, William borrowed almost \$195,000 from William C. deMille Productions. The corporation only had \$178,100 in accumulated surplus at that time, so it funded a large part of the loan to William by borrowing \$100,000 from a bank.³⁹ Over the next several years, William paid some interest to the corporation on the unsecured \$195,000 note, but did not adhere to any regular payment schedule and did not pay down any of the principal.⁴⁰ While finding no evidence that William initially formed the corporation for the purpose of tax avoidance, the Board concluded that the loan transaction "marked the crystallization of a new attitude toward the corporation" and the beginning of its utilization as a tax avoidance device.⁴¹ William could have distributed the corporation's surplus to himself, rather than taking a loan, with no practical difference except paying more taxes. The loan appeared to be merely "a desire to get the equivalent of his dividends under another guise."⁴²

The decision was a bad sign for Cecil's own case. He had also borrowed substantial amounts from his corporation, including more than \$100,000 in 1926, although he eventually repaid the loan.⁴³ Moreover, Cecil's corporation had stockpiled earnings far exceeding what William's corporation had accumulated. Cecil B. deMille Productions held a range of investments including securities, real estate, and other enterprises having "little or no relation to the motion picture business," from fruit orchards to Arizona cotton lands.⁴⁴ The tax agents had also pointed out that Cecil formed the corporation just after the Revenue Act of 1921 eliminated additional corporate income taxes that had been imposed during war time, a fact that did not seem coincidental.⁴⁵

Waiting for his case to be decided, Cecil's worries led him to make a significant change in career strategy. In the past, Cecil had typically turned out two or three quick, small-budget pictures in between each of his grander, more demanding films.⁴⁶ The head of Paramount told Cecil that he ought to start making more historical epics, with plenty of sex, and Cecil was happy to comply given the threat of having to pay a fortune to the Bureau of Internal Revenue.⁴⁷ Cecil dove into work on *Cleopatra* and soon announced that he would follow it up

³⁸See HENRY GEORGE, *PROGRESS AND POVERTY* (1879). Cecil's wife was the daughter of a judge on the New Jersey State Court of Errors and Appeals. GABE ESSO & RAYMOND LEE, *DEMILLE: THE MAN & HIS PICTURES* 243 (1970).

³⁹*William B. DeMille Prods.*, 30 B.T.A. at 828-29

⁴⁰*Id.*

⁴¹*Id.* at 830-31.

⁴²*Id.* at 831 (quoting *United Bus. Corp. of Am. v. Commissioner*, 62 F.2d 754, 755 (2d Cir. 1933)).

⁴³*DeMille v. Commissioner*, 31 B.T.A. 1161, 1171, 1176 (1935), *aff'd sub nom.*, *Cecil B. DeMille Prods., Inc. v. Commissioner*, 90 F.2d 12 (9th Cir.), *cert. denied*, 302 U.S. 713 (1937).

⁴⁴*Id.* at 1174; *id.* at 1177 (McMahon, J., dissenting).

⁴⁵*Id.* at 1174.

⁴⁶AUTOBIOGRAPHY, *supra* note 14, at 262.

⁴⁷HIGHAM, *supra* note 15, at 226.

with *The Crusades*.⁴⁸ From that point on, Cecil announced, he would produce only "spectacles."⁴⁹

While shooting *The Crusades*, Cecil learned that he had prevailed in the tax case. According to Cecil, he had "seldom felt so relieved of anxiety" as when he heard this news.⁵⁰ Writing for the majority of the Board of Tax Appeals, Judge Goodrich noted the strength of the Commissioner's "circumstantial evidence," but concluded that Cecil B. deMille Productions had not been formed for the purpose of accumulating profits to avoid imposition of taxes on its shareholders.⁵¹ He cited the testimony of those involved in the creation of the corporation, including Cecil himself, who "flatly denied" under oath that the corporation was formed or used for the purpose of tax avoidance.⁵² Their denials "remain[ed] unshaken by cross-examination."⁵³ Cecil's testimony had persuaded Judge Goodrich that the corporation was accumulating the money in order to begin independent production of motion pictures, and that those plans were not "too far-fetched to be within the limits of reasonable business ambition."⁵⁴

Three members of the Board dissented, concluding that the statute permitted accumulation of profits only for the reasonable needs of the business actually being conducted by the corporation, and not some potential activity in which the stockholders aspired to become involved in the future.⁵⁵ Under that view, Cecil's corporation had accumulated profits far beyond the reasonable needs of its current business, which was merely providing Cecil's services as a director for the studios.

The Bureau of Internal Revenue appealed the Board's ruling. "No tax collector will ever be deterred by an initial reverse," Cecil observed.⁵⁶ The U.S. Court of Appeals for the Ninth Circuit concluded that the case raised only issues of fact and deferred to the Board's findings, and the U.S. Supreme Court declined to hear the case.⁵⁷

Hollywood cheered Cecil's victory as a setback to the Roosevelt administration's "crusade to penalize film producers accused of dodging income taxes."⁵⁸ The Internal Revenue Commissioner fumed that Cecil had gotten away

⁴⁸CLEOPATRA (Paramount 1934); THE CRUSADES (Paramount 1935). *The Crusades* was not a box office success, but it gave Cecil "the unusual experience of being flattered by a tax collector." An Internal Revenue agent reviewing Cecil's books "expressed amazement that so good a picture as *The Crusades* did not at the time show a profit; but there was nothing in it for him to tax." AUTOBIOGRAPHY, *supra* note 14, at 345.

⁴⁹*Cleopatra's Director*, N.Y. TIMES, Aug. 19, 1934, § IX, at 2.

⁵⁰AUTOBIOGRAPHY, *supra* note 14, at 330.

⁵¹*DeMille*, 31 B.T.A. at 1173.

⁵²*Id.* at 1175.

⁵³*Id.* at 1175.

⁵⁴*Id.* at 1175-76. Judge Goodrich noted that Cecil's counsel wasted much of his brief on criticism of the tax laws, rather than arguments about why Cecil did not owe the taxes claimed. *Id.* at 1177.

⁵⁵*Id.* at 1178 (McMahon, J., dissenting).

⁵⁶AUTOBIOGRAPHY, *supra* note 14, at 332.

⁵⁷*Commissioner v. Cecil B. DeMille Prods., Inc.*, 90 F.2d 12 (9th Cir.), *cert. denied*, 302 U.S. 713 (1937).

⁵⁸*DeMille's Vindication in Tax Claim Seen as General Victory for Personally-Owned Co.'s*, VARIETY, Feb. 5, 1935, at 5.

with tax evasion, holding him up as an example in testimony to a joint congressional committee investigating the abuse of personal holding companies.⁵⁹ Cecil responded to questions about the Commissioner's attack by quoting the remarks of Dr. James Rowland in a speech given the previous day to the graduating class at Yale: "Tyranny is not less tyrannical when exercised by a dictator or an irresponsible government bureau than when imposed by an economic royalist."⁶⁰

Cecil had finally managed to lift the cloud that the tax case had put over his career. If the government had won its case:

I would have been so mortgaged by the government, to pay off that crushing tax load, that I would have lost, probably, any chance of ever being independent. I would have had to take whatever contract terms and whatever picture subjects any producing company would give me, probably for years to come.⁶¹

The victory also restored Cecil's faith in the greatness of the American legal system and the fact that an individual private citizen could prevail against federal agents in the government's own courts. To him, it was the epitome of "liberty under law, next to religion the most precious possession of the free world."⁶²

In particular, Cecil sang the praises of the "majestic legal phrasing" of Judge Goodrich's opinion.⁶³ In his autobiography, Cecil positively gushed about the greatness of the judge and revealed that the two men carried on an extensive social acquaintance after the case reached its end:

I did not know Judge Goodrich, except for having seen him on the bench at our hearing, but he has held one of the warmest spots in my heart ever since. His judicial decision not only saved me *from* losing a very large sum of money and some of the best years of my life, it saved me *for* the possibility of making some of the kind of pictures I wanted to make. I have come to know Edgar Goodrich since, as one of the most genial and erudite gentlemen I am privileged to number among my friends; and he wears his erudition with a grace and lightness which remind me of the men of the Renaissance, who could tune a viol as readily as they could turn a couplet or discourse on the philosophy of Plato. In Judge Goodrich's case, the viol is a guitar; and the verses are touching, profound or comic, as suits his fancy; and Plato would enjoy knowing him.⁶⁴

Upon the release of Cecil's last and best remembered film *The Ten Commandments* in 1956, Judge Goodrich commented to Cecil about how much he enjoyed the picture. Cecil's "mind went back to our case before the Board of Tax Appeals, and I said to him: 'You made *The Ten Commandments* possible.'"⁶⁵

⁵⁹*Company Devices Hit at Tax Inquiry*, N.Y. TIMES, June 24, 1937, at 7.

⁶⁰*DeMille Thankful for Courts*, N.Y. TIMES, June 24, 1937, at 7.

⁶¹AUTOBIOGRAPHY, *supra* note 14, at 331.

⁶²*Id.* at 332.

⁶³*Id.* at 331.

⁶⁴*Id.*

⁶⁵*Id.* at 332; *THE TEN COMMANDMENTS* (Paramount 1956).

William deMille would not have anything so flattering to say about judges of the Board of Tax Appeals. After losing his case, he would never make another motion picture. Plagued by poor health and financial troubles, he had to borrow money from Cecil to stay afloat and left the industry behind for a teaching position in the drama department at the University of Southern California.⁶⁶ In his unpublished writings, William expressed his bitter scorn for the tax system that wronged him. In one manuscript about how financial considerations influence the art of motion pictures, he described how "[t]he Federal Government looks with loathing upon large sums earned by the more valuable artists and producers even though unable to say who is hurt in the process and profiting hugely by taking most of the money for itself as taxes."⁶⁷

In a satire of New Deal largesse for farmers, William proposed the creation of a bureau "to pay playwrights not to write."⁶⁸ Complaining that "[p]olitical economy, as viewed by the taxpayer, has become the science of spending more than we can possibly collect," he explained that "I have discovered how unwise it is to earn more than a bare living wage. When I was making successful plays and pictures and being well paid for it although I paid enormous taxes everybody in Washington hated me."⁶⁹ He predicted that everyone in Washington would love him as soon as he stopped making an effort to support himself, stopped paying taxes, and started living off the new theatrical subsidy program he proposed.⁷⁰ The great advantage of his plan would be an "equality of earnings" achieved by paying all playwrights the same, regardless of talent.⁷¹ "Very often it requires as much honest effort to write a bad play as to write a good one but when both plays remain unwritten who is to deny the social justice of paying both authors equally?"⁷²

In an essay on salaries in Hollywood, William observed that the amounts being paid to stars "turn the whole income-tax department into a pack of baying bloodhounds."⁷³ He offered this example:

Suppose a star has reached the peak and can get \$150,000, for his services in a picture. If he makes two pictures a year the Federal Government charges him \$164,000 for being so snooty to which the State of California adds a moderate

⁶⁶HIGASHI, *supra* note 2, at 11; Scott Eyman, *The Best Years of Their Lives*, FILM COMMENT, Mar.-Apr. 1992, at 46, 47.

⁶⁷William deMille, unpublished manuscript, "The Art Which Has to Be an Industry," first draft, dated July 21-24, 1939, at III. The unpublished manuscripts cited herein are all in the collection of the papers of William C. deMille in the collection of the Rare Books & Manuscripts Division, Center for the Humanities, New York Public Library.

⁶⁸William deMille, unpublished manuscript, "Buddy, Can You Spare a Bureau?" initial draft dated Apr. 3-9, 1936 at 6.

⁶⁹*Id.* at 1, 8.

⁷⁰*Id.* at 8.

⁷¹William deMille, unpublished manuscript, "Buddy, Can You Spare a Bureau?" revised draft dated Apr. 9, 1936, at 9.

⁷²*Id.*

⁷³William deMille, unpublished manuscript, "Are Hollywood Stars Paid Too Much?" dated Jan. 29, Jan. 30, and Feb. 30, 1940, at 1.

tax of \$36,000, for the use of its valuable climate. The net result is that each year, the star is allowed to work four months for himself on condition that he work eight months, free of charge, for the people. Under these circumstances, one might think that the Government would have nothing but encouraging smiles for these public benefactors. On the contrary, it matters deeply that such incomes are indecent and that people who have the ability to pay such heavy taxes should be reduced to the more democratic condition of inability to pay.⁷⁴

In William's cynical view, it was "considered undemocratic for anyone to make much money" and the tax system existed to punish those who dare to succeed.⁷⁵

A small notice in *Variety* in 1938 quietly reported that William C. deMille Productions, Inc., inactive for several years, had been dissolved by the Los Angeles County clerk's office and no longer existed.⁷⁶ Cecil B. deMille Productions, Inc. stayed in business longer, but eventually fell victim to tax troubles as well. Cecil dissolved the corporation in 1952, complaining that "the tremendous burden of increased taxation, including corporate income taxes, excess-profit taxes, franchise taxes, and various other forms of taxation left no opportunity for the retention of sufficient capital."⁷⁷

William died in 1955. In his final years, the brothers rarely spoke.⁷⁸ The story of William and Cecil deMille had come to an end, a story of two brothers, two corporations, two cases before the Board of Tax Appeals, and two very different outcomes that profoundly altered the course of their lives and motion picture history as well.

⁷⁴*Id.* at 2.

⁷⁵*Id.* at 1.

⁷⁶Untitled notice, *VARIETY*, Aug. 17, 1938.

⁷⁷*DeMille Hits Taxes, Ends Paramount Tie*, N.Y. TIMES, Apr. 29, 1952. The dissolution of the corporation led to another fight between Cecil and the Internal Revenue authorities, this time over the value to be placed on 14 films included among the assets of the liquidated corporation. *Technicalities of Tax Figuring Behind DeMille vs. U.S. Treasury*, *VARIETY*, Nov. 29, 1958.

⁷⁸HIGASHI, *supra* note 2, at 11.