***Lentin v. Commissioner*, 23 T.C. 120 (1954)**

Payments made in satisfaction of a judgment for willful violation of the Emergency Price Control Act are not deductible for income tax purposes because such deductions would frustrate public policy.

Summary

The case concerns the deductibility, for federal income tax purposes, of a payment made by the taxpayer to satisfy a judgment against him for violating the Emergency Price Control Act. The Tax Court held that the payment was not deductible because the violation was found to be willful. The court reasoned that allowing such a deduction would undermine the public policy behind the Act. The court also held that the prior decision of the district court, which found the taxpayer's violation to be willful, was res judicata. The taxpayer's attempt to characterize a portion of the payment as a cost of goods sold was also rejected.

Facts

Julian Lentin violated the Emergency Price Control Act by selling lumber at prices exceeding the maximum prices. A U.S. District Court entered findings of fact and conclusions of law against Lentin, finding that his violations were knowing and willful, and his testimony was false. A judgment was entered against Lentin, which he paid in 1946. Lentin deducted the payment as an

