

# Private Letter Ruling 200702031, 01/12/2007, IRC Sec(s). 170

## Full Text:

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Third Party Communication: None

Date of Communication: Not Applicable [Redacted Text]

Person To Contact: [Redacted Text]

Telephone Number: [Redacted Text]

Refer Reply To:

CC:ITA:B02

PLR-149190-04

Date:

September 29, 2006

## Legend:

Taxpayer =

Company =

Foundation =

State =

Entity =

Date A =

Date B =

Date X =

Date Y =

A =

B =

U =

V =


W =

X =

Y =

Z =

Dear [Redacted Text]

This letter responds to a private letter ruling request dated September 3, 2004, submitted by your authorized representatives, requesting a ruling on the proper treatment, under  § 170(e)(5) of the Internal Revenue Code, of a proposed contribution of shares of Company common stock to Foundation.

### **REQUESTED RULING**

The shares of Company common stock that Taxpayer plans to contribute to Foundation are qualified appreciated stock within the meaning of § 170(e)(5) of the Code.

### **CONCLUSION**

The shares of Company common stock that Taxpayer plans to contribute to Foundation are qualified appreciated stock within the meaning of § 170(e)(5) of the Code.

Our ruling is contingent on Company common stock being regularly traded on the OTCBB on the date of the contribution. See § 1.170A-13(c)(7)(xi)(A)(2).

Our ruling is also contingent on Taxpayer printing out and saving current and historical market quotations for Company common stock as described below in the Facts section.

Our ruling is also contingent on current and historical market quotations (including quotes (open, high, low, and close) and volume of trading) being as easily accessible without cost on Internet site B as it is described below in the Facts section on the date of the contribution.

### **FACTS**

Taxpayer is a financial holding company. Its principal activity is to provide a wide range of financial products and services to its customers.

To improve the quality of life for residents in the communities that Taxpayer serves, Foundation was established as a State non-profit organization. Foundation will provide financial assistance to charitable programs and agencies working within the communities that Taxpayer serves. Foundation is organized and operates as a § 501(c)(3) organization and is a private foundation under § 509(a) of the Code but is not described in § 170(b)(1)(E). Foundation qualifies under §170(c)(2) to receive gifts or contributions that are deductible for federal income tax purposes.

Taxpayer would like to contribute both cash and shares of common stock of Company, a corporation, to Foundation. Company is a financial services organization that is traded on the Over-the-Counter Bulletin Board ("OTCBB") with the stock symbol A. As of Date A, Taxpayer owned X shares of common stock of Company, which represents Y% of the shares of common stock of Company. Taxpayer purchased the shares of common stock of Company more than one year prior to the date of this letter.

Company has approximately U shareholders. According to Taxpayer, other than the number of shareholders, Company would likely meet the threshold requirements for listing on NASDAQ (National Market or SmallCap Market).

Company common stock is not subject to any legal or Securities and Exchange Commission ("SEC") restrictions on transferability. Company common stock is currently carried by Z sponsoring investment firms (i.e., Market Makers). In Date X, V shares of Company common stock were traded on the OTCBB. As of the end of Date B, W shares of Company common stock had been traded in the first seven months of Date Y.

According to Taxpayer, Company common stock is not a speculatively traded, volatile issue. Investors in Company hold the stock for its stability of value and dividend income.

Company's financial condition is closely monitored through independent external audit, as well as by banking regulations and audit by Entity.

The shares of Company common stock that Taxpayer will contribute to Foundation are freely tradable and not subject to any restriction on transfer imposed by the government or by any private party. The shares are not subject to any such restriction both in the hands of Taxpayer and in the hands of Foundation.

### **The Over-the-Counter Bulletin Board:**

The OTCBB was established in June 1990 by the SEC to comply with the Penny Stock Reform Act of 1990, which mandated that the SEC establish an electronic system that met the requirements of section 17B of the Securities Exchange Act, in order to facilitate the widespread publication of quotation and last trade information. Since December 1993, investment firms listing shares on the OTCBB are required to report trades in all domestic over-the-counter equity securities through the Automated Confirmation Transaction Service ("ACT") within 90 seconds of the transaction.

According to Taxpayer, in general, an over-the-counter equity security is any equity that is not listed or traded on NASDAQ or national security exchanges such as the New York Stock Exchange (NYSE) or the American Stock Exchange. Taxpayer represents that based on general industry terminology, Company common stock is an over-the-counter equity security.

OTCBB securities are traded by Market Makers that enter quotes and execute trades through a closed computer network, which is accessed through a NASDAQ workstation. Securities traded on the OTCBB include national, regional, and foreign equity issues, warrants, units, American Depository Receipts, and Direct Participation Programs.

The OTCBB operates as a dealer system. As a result, all securities quoted on the OTCBB must be sponsored by a participating Market Maker that registers that security with the NASD OTC Compliance Unit along with the required issuer information. Once approved by the Compliance Unit, the Market Maker will be notified that it has been registered in the security and may enter a quote and commence trading. Issuers contact an authorized OTCBB Market Maker for sponsorship of a security on the OTCBB.

The OTCBB now has many safeguards and is subject to regulations that were not present when it was created in 1990. The OTCBB Eligibility Rule phase-in began on July 1, 1999 and was completed in June 2000. The Eligibility Rule requires OTCBB companies to be registered with and to disclose their current financial information to the SEC, banking, or insurance regulators in order to be eligible to be traded on the OTCBB. The objective of the Eligibility Rule is to protect investors by ensuring that they have access to over-the-counter companies' current financial information when considering over-the-counter investments. During the latter half of 1999 and the first half of 2000, every company whose securities were quoted on the OTCBB was reviewed for compliance with the filing requirements for publicly disseminated financial statements. As a result, in excess of 3,000 companies (over half of OTCBB issues) were delisted and removed from the OTCBB.

NASDAQ is in charge of monitoring the filing status of all OTCBB issuers. In the event of a filing delinquency, NASDAQ will disclose that the financial statements on file are not current. After 30 days, if NASDAQ has not been notified that the appropriate filing has been made with the issuer's regulatory authority, the issuer's security will be removed from the OTCBB.

The Market Maker that sponsors a security on the system files the application and is obligated to comply with the regulatory requirements. Also, the quotation activity and trade practices of OTCBB Market Makers are further regulated by the National Association of Securities Dealers ("NASD"). Also, the broker/dealer firms and stockbrokers that trade OTCBB securities (i.e., Market Makers) are subject to SEC trading rules, such as SEC Rule 15c-9 regarding sales practices for low-priced securities.

OTCBB issuers are subject to many of the provisions of the Sarbanes-Oxley Act of 2002. OTCBB issuers that are not in compliance with the requirements of Sarbanes-Oxley subject their securities to removal from the OTCBB.

The OTCBB has recently partnered with Standard & Poor's to offer an investor relations service. Standard & Poor's Company Insights is designed to increase an OTCBB company's visibility and disclosure of information to investors, analysts, bankers, researchers, and other capital market participants that access [www.otcbb.com](http://www.otcbb.com). This new tool allows access to information on the financial status, management, and business activities of OTCBB companies.

Total trading volume data for all of the securities traded on the OTCBB can be found on [www.otcbb.com](http://www.otcbb.com).

Taxpayer represents that the only remaining significant differences between the OTCBB and NASDAQ or the NYSE are fees and listing requirements imposed by NASDAQ or the

NYSE. In general, these listing requirements prevent "micro-cap" stocks from eligibility on NASDAQ and the NYSE. Thus, most companies whose stock is traded on the OTCBB are either not large enough to meet the listing requirements or do not want to burden shareholders with the entry and annual listing fees charged for the privilege of being traded on a larger exchange.

### **Facts concerning availability of market quotations:**

Taxpayer represents that market quotations and historical trade data for Company common stock are available through a variety of electronic information sources. These sources include several internet financial sites that Taxpayer represents are well-known and heavily accessed. These sites include Yahoo Finance, Tradingcharts.com, CBSMarketWatch.com, MSN Stock Quotes, Nasdaqtrader.com, and the OTCBB website itself, [www.otcbb.com](http://www.otcbb.com).

At least one of these well-known and heavily accessed sites, B, maintains daily current and historical quotes for Company common stock from a date in the late 1990s to the present. For each business day, B provides historical data that includes the quotes (open, high, low, and close) and volume of trading. Access to current and historical quotes for Company common stock on B is available at no charge (not even a de minimis charge) to the general public. There is no need to register to have access to the quotes on B. There is no need to provide any information other than a stock symbol to have access to current and historical quotes for Company common stock on B.

Company common stock quotations are also published on the National Quotation Bureau, or the "Pink Sheets." The Pink Sheets are a vendor service that is the publication medium for many over-the-counter securities. The Pink Sheets can be accessed electronically at [www.pinksheets.com](http://www.pinksheets.com).

Market quotations for Company stock are not published in a newspaper of national circulation.

On the day of the proposed contribution by Taxpayer of shares of Company common stock to Foundation, Taxpayer will print out current market quotation information on the OTCBB for Company common stock from Internet site B and print out historical market quotation data on the OTCBB including the quotes (open, high, low, and close) and volume of trading for shares of Company common stock, for each business day of the one year period ending on the date of the proposed contribution. Taxpayer will save a copy of this data in Taxpayer's records.

### **LAW**

Section 170(a) of the Code allows a deduction for any charitable contribution (as defined in § 170(c)) payment of which is made within the taxable year.

Section 1.170A-1(c)(1) of the Income Tax Regulations states that if a charitable contribution is made in property other than money, the amount of the contribution is the fair market value of the property at the time of the contribution reduced as provided in § 170(e)(1) and paragraph (a) of § 1.170A-4.

Section 170(e)(1)(B)(ii) of the Code provides that in the case of charitable contributions to or for the use of a private foundation (as defined in § 509(a)), other than a private foundation described in § 170(b)(1)(E), the amount of the charitable contribution of

property otherwise taken into account under § 170 is reduced by the amount of gain that would have been long-term capital gain if the property contributed had been sold by the taxpayer at its fair market value (determined at the time of the contribution).

Section 170(e)(5)(A) of the Code states that § 170(e)(1)(B)(ii) does not apply to any contribution of "qualified appreciated stock."

Section 170(e)(5)(B) of the Code defines "qualified appreciated stock," except as provided in § 170(e)(5)(C), to mean any stock of a corporation (i) for which (as of the date of the contribution) market quotations are readily available on an established securities market, and (ii) which is capital gain property (as defined in § 170(b)(1)(C)(iv)).

Section 170(e)(5)(C)(i) of the Code provides that, in the case of any donor, the term "qualified appreciated stock" shall not include any stock of a corporation contributed by the donor in a contribution to which § 170(e)(1)(B)(ii) applies (determined without regard to § 170(e)(5)) to the extent that the amount of the stock so contributed (when increased by the aggregate amount of all prior such contributions by the donor of stock in such corporation) exceeds 10 percent (in value) of all of the outstanding stock of such corporation. For purposes of § 170(e)(5)(C)(i), an individual shall be treated as making all contributions made by any member of his family (as defined in § 267(c)(4)). Section 170(e)(5)(C)(ii).

Section 170(e)(5) was added to the Code by the Tax Reform Act of 1984, Pub. L. 98-369. Congress believed "that deductibility at full fair market value for gifts of appreciated stock to private nonoperating foundations should be permitted in certain situations in which the potential for abuse, including overvaluations, is minimized." H.R. Rep. No. 432, 98th Cong., 2d Sess., pt. 2, at 1464 (1984). To meet the requirement that the stock be stock for which market quotations are readily available on an established securities market, "it is not sufficient merely that market quotations for the stock are readily available (e.g. from established brokerage firms); rather, the market quotations must be readily available on an established securities market." Staff of the Joint Committee on Taxation, General Explanation of H.R. 4170, 98th Cong., 2d Sess. 668 (1984).

Section 170(b)(1)(C)(iv) of the Code defines the term "capital gain property" to mean, with respect to any contribution, any capital asset the sale of which at its fair market value at the time of the contribution would have resulted in gain which would have been long-term capital gain.

Section 1222(3) of the Code defines "long-term capital gain" to mean gain from the sale or exchange of a capital asset held for more than one year, if and to the extent the gain is taken into account in computing gross income.

Section 1221 of the Code defines the term "capital asset" to mean property held by the taxpayer (whether or not connected with his trade or business) but does not include (1) stock in trade; (2) certain property used in a trade or business; (3) certain property that is the product of the taxpayer's personal efforts; (4) accounts or notes receivable; (5) certain publications of the United States government; (6) certain commodities derivative financial instruments; (7) certain hedging transactions; and (8) certain supplies.

## **ANALYSIS**

For stock to be "qualified appreciated stock," it must be described in § 170(e)(5)(B).

In determining whether the shares of Company common stock that Taxpayer plans to contribute to Foundation are qualified appreciated stock, we first consider whether market quotations are readily available on an established securities market as required by § 170(e)(5)(B)(i).

The requirement that market quotations be readily available on an established securities market has the same meaning for the purpose of defining qualified appreciated stock and in determining when securities are publicly traded (so as to exempt a donor from the substantiation requirements of § 1.170A-13(c)). Todd v. Commissioner, 118 T.C. 334, 345 (2002). The rule for when market quotations are readily available on an established securities market for purposes of making such a determination is in § 1.170A-13(c)(7)(xi) of the regulations.

Section 1.170A-13(c)(7)(xi)(A) provides that, for purposes of § 1.170A-13, market quotations are readily available on an established securities market with respect to a security if:

1. the security is listed on the New York Stock Exchange, the American Stock Exchange, or any city or regional exchange in which quotations are published on a daily basis, including foreign securities listed on a recognized foreign, national, or regional exchange in which quotations are published on a daily basis;
2. the security is regularly traded in the national or regional over-the-counter market, for which published quotations are available; or
3. the security is a share of an open-ended investment company (commonly known as a mutual fund) for which quotations are published on a daily basis in a newspaper of general circulation throughout the United States.

Section 1.170A-13(c)(7)(xi)(C) provides limitations on the definition of publicly traded securities. Section 1.170A-13(c)(7)(xi)(C) provides that securities described in § 1.170A-13(c)(7)(xi)(A) or (B) are not considered publicly traded securities if (1) the securities are subject to any restrictions that materially affect the value of the securities to the donor or prevent the securities from being freely traded, or (2) if the amount claimed or reported as a deduction with respect to the contribution of the securities is different than the amount listed in the market quotations that are readily available on an established securities market pursuant to § 1.170A-13(c)(7)(xi)(A) or (B).

Section 1.170A-13(c)(7)(xi)(D) provides that the fair market value of a publicly traded security, as defined in § 1.170A-13(c)(7)(xi), is not necessarily equal to its market quotation, its average trading price, or its face value, if any.

Treasury Decision 8199, 1988-1 C.B. 99 (May 5, 1988), adopted the finalized version of § 1.170A-13(c)(7)(xi) and it is generally effective for charitable contributions of property made after December 31, 1984.

### **Readily Available Market Quotations**

In this section of our analysis, we will determine whether market quotations are readily available for Company common stock. As stated above, the readily available market quotations requirement has the same meaning for the purpose of defining qualified appreciated stock as the definition in § 1.170A-13(c)(7)(xi). See Todd, supra.

Since Company common stock is not traded on a stock exchange and Company is not an open-ended investment company, Company common stock must meet the requirements

of § 1.170A-13(c)(7)(xi)(A)(2) to be qualified appreciated stock. That means shares of Company common stock must be “regularly traded in the national or regional over-the-counter market, for which published quotations are available.” (emphasis added). In the following section of our analysis, we will consider the question of whether “the national or regional over-the-counter market” includes the OTCBB. Here, we consider whether Company common stock is “regularly traded” and whether “published quotations are available.”

First, we consider the phrase in the regulation “regularly traded.” Based on our review of daily trade data for shares of Company common stock as reported on internet financial sites over the one year period prior to the issuance of this letter, we find that shares of Company common stock have been regularly traded during that one year period.

Next, we consider the requirement in the regulation that “published quotations are available.” Whether “published quotations are available” for purposes of § 170(e)(5) in the present case depends on whether this requirement is met when, as in the present case, both current and historical market quotations for shares of Company common stock can be accessed on the internet without charge (not even a de minimis charge) by anyone without restriction or the need to supply information other than the stock symbol.

Since § 1.170A-13(c)(7)(xi) was finalized by T.D. 8199 in 1988, the regulation was written before access to the internet was universal and before availability of financial information on the internet was as extensive as now. Thus, the Service could not have considered in 1988 whether the fact that quotations are available without charge to the general public on the internet means that “published quotations are available.” The basic issue is whether putting information on the internet without any restrictions on who can access that information means that the information is published for purposes of § 170(e)(5). (There may be cases in which market quotations for the common stock of a company are available on the Internet for such a short period that they cannot be considered “published” for purposes of the regulations. Such a problem does not arise in the present case, however, since daily historical market quotations for Company common stock going back several years are available on Internet site B.)

In determining whether “published quotations are available” for purposes of § 1.170A-13(c)(7)(xi)(A)(2) we must analyze whether such a finding is consistent with the intentions of Congress when it passed § 170(e)(5). As stated above, the legislative history shows that Congress intended to limit the qualified appreciated stock exception to certain situations in which the potential for abuse, including overvaluations, is minimized. Such a potential for overvaluation would be minimized only if the market quotations on the OTCBB are a reliable reflection of the fair market value of stock traded on the OTCBB. (See § 1.170A-13(c)(7)(xi)(C)(2), providing that “Securities described in [§ 1.170A-13(c)(7)(xi)(A)] shall not be considered publicly traded securities... (2) If the amount claimed or reported as a deduction with respect to the contribution of the securities is different than the amount listed in the market quotations that are readily available on an established securities market pursuant to [§ 1.170A-13(c)(7)(xi)(A)]”)

Also, the Joint Committee report states that to meet the requirement that the stock be stock for which market quotations are readily available on an established securities market, “it is not sufficient merely that market quotations for the stock are readily available (e.g. from established brokerage firms); rather, the market quotations must be readily available on an established securities market.” Staff of the Joint Committee on Taxation, General Explanation of H.R. 4170, 98th Cong., 2d Sess. 668 (1984). In the following section of our analysis, we will consider the issue of whether the OTCBB is an established securities market. For purposes of our discussion in this section, we will assume that it is. In the present case, one does not need to go to a broker to get market



quotations for Company common stock. Rather, trades in shares of domestic over-the-counter equity securities that are listed on the OTCBB are reported through the ACT within 90 seconds of the transaction, and made available to the general public on the internet site of the OTCBB, as well as other financial internet sites.

In determining whether market quotations for shares of Company common stock are “published” for purposes of § 1.170A-13(c)(7)(xi)(A)(2), we consider what is consistent with the intention of Congress to limit the qualified appreciated stock exception to certain situations in which the potential for abuse, including overvaluations, is minimized. Making the quotations available on the internet does serve to minimize the potential for abuse, because enabling virtually anyone in the world with access to the internet to view current and historical market quotations for Company common stock means that the possibility is maximized that someone would detect a situation in which the market quotations are not reasonable.

In determining whether market quotations for Company common stock are “readily available,” as required by § 170(e)(5)(B)(i), we note the ease with which anyone can access current and historical market quotations on the OTCBB internet site and other financial internet sites. At least one of these well-known and heavily accessed internet sites, B, maintains daily current and historical quotes for shares of Company common stock from a date in the late 1990s to the present. For each business day B provides historical data that includes the quotes (open, high, low, and close) and trade volume. Access to current and historical quotes for shares of Company common stock on B is available at no charge (not even a de minimis charge) to the general public. There is no need to register to have access to the quotes on B. There is no need to provide any information other than a stock symbol to have access to current and historical quotes for shares of Company common stock on B.

Therefore, market quotations for shares of Company common stock are “readily available” for purposes of § 170(e)(5).

### **Established Securities Market:**

Next, we will determine whether the OTCBB is an established securities market for purposes of § 170(e)(5). As stated above, this requirement has the same meaning for the purpose of defining qualified appreciated stock as the definition in § 1.170A-13(c)(7)(xi).

As discussed in the preceding section, Company common stock must meet the requirements of § 1.170A-13(c)(7)(xi)(A)(2) to be qualified appreciated stock. Thus, Company common stock must be regularly traded in the national or regional over-the-counter market, for which published quotations are available. Although this regulation does not state which specific securities market or markets are “the national or regional over-the-counter market,” it has always been accepted that this definition obviously applies to the NASDAQ National Market. (Compare this to § 1.170A-13(c)(7)(xi)(A)(1), which mentions the NYSE and the American Stock Exchange by name.) Since § 1.170A-13(c)(7)(xi) was finalized by T.D. 8199 in 1988 and the OTCBB was created to comply with The Penny Stock Reform Act of 1990, the Service could not have considered whether the OTCBB is an established securities market when T.D. 8199 was issued.

In determining whether the OTCBB is an established securities market for purposes of § 170(e)(5), we must analyze whether a finding that the OTCBB is described in § 1.170A-13(c)(7)(xi)(A)(2) is consistent with the intentions of Congress when it passed § 170(e)(5). As stated above, the legislative history shows that Congress intended to limit

the qualified appreciated stock exception to certain situations in which the potential for abuse, including overvaluations, is minimized. Such a potential for overvaluation would be minimized only if the market quotations on the OTCBB are a reliable reflection of the fair market value of stock traded on the OTCBB. This depends on whether, under the facts and circumstances, there are enough safeguards in how the OTCBB operates and how securities traded on the OTCBB are regulated that the market quotations on the OTCBB can be relied on to reflect the fair market value of the securities.

Based on the definitions of over-the-counter markets that Taxpayer submitted, the OTCBB is an over-the-counter market. As stated above, § 1.170A-13(c)(7)(xi)(A)(2) does not mention any over-the-counter markets by name. Since the regulation uses the phrase "in the national or regional over-the-counter market," it is clear that more than one over-the-counter market can be an established securities market for purposes of § 170(e)(5). There is still the question, however, of whether the OTCBB is described in § 1.170A-13(c)(7)(xi)(A)(2).

Taxpayer points out changes that have been made to the OTCBB since its creation in 1990 and also points out changes that have been made to regulation of the securities industry as a whole since 1990. Since § 170(e)(5)(B)(i) provides that the determination of whether market quotations are readily available on an established securities market is made "as of the date of the contribution," we look to how the OTCBB exists currently to determine whether it is an established securities market for purposes of § 170(e)(5).

Under the facts presented by Taxpayer, we find that the OTCBB is an established securities market for purposes of § 170(e)(5). This finding is consistent with the intent of Congress that the exception in § 170(e)(5) be limited to those situations in which the potential for abuse, including overvaluations, can be minimized. Support for this finding is based on the facts and circumstances including, among others, how the OTCBB was created, how long it has existed, its permanence, the rules for listing a stock on the OTCBB, reporting requirements for trades on the OTCBB, reporting requirements for companies whose stocks are listed on the OTCBB, laws and regulations that apply to Market Makers, and how the OTCBB is regulated both by the government and by NASDAQ.

### **Capital Gain Property**

To meet the requirements of § 170(e)(5)(B)(ii), the shares of Company common stock must be capital gain property within the meaning of § 170(b)(1)(C)(iv), which means that the shares would have to result in long-term capital gain if sold at their fair market value. Under § 1222(3), long-term capital gain results from the sale of a capital asset held for more than one year. Taxpayer represents that, at the time of the contribution, Taxpayer will have held the contributed shares of Company common stock for more than one year and will not come within any of the exceptions set forth in § 1221. In addition, Taxpayer anticipates that the fair market value of the shares of Company common stock on the contribution date will be more than the adjusted basis. Based upon Taxpayer's representations, we conclude that the shares of Company common stock that will be contributed to Foundation represent long-term capital gain property within the meaning of § 170(b)(1)(C)(iv), and Taxpayer's contribution of the shares will meet the requirements of § 170(e)(5)(B)(ii).

Since clauses (i) and (ii) of § 170(e)(5)(B) are met, and Taxpayer will not contribute more than 10 percent (within the meaning of § 170(e)(5)(C)) of all outstanding stock of Company to Foundation, we conclude that the shares of Company common stock that

Taxpayer plans to contribute to Foundation are qualified appreciated stock within the meaning of § 170(e)(5).

Our ruling is contingent on Company common stock being regularly traded on the OTCBB on the date of the contribution. See § 1.170A-13(c)(7)(xi)(A)(2).

Our ruling is also contingent on Taxpayer printing out and saving current and historical market quotations for shares of Company common stock as described above in the Facts section.

Our ruling is also contingent on current and historical market quotations (including quotes (open, high, low, and close) and volume of trading) being as easily accessible without cost on Internet site B as it is described above in the Facts section on the date of the contribution.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Sincerely, [Redacted Text]

Clifford M. Harbourt

Senior Technical Reviewer, Branch 2

(Income Tax & Accounting)

Enclosures (2)