



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

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OFFICE OF
CHIEF COUNSEL

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MEMORANDUM FOR Area Counsel
SBSE:Area 3
Nashville

FROM: Mitchel S. Hyman
Senior Technician Reviewer, Branch 1
(Collection, Bankruptcy & Summonses)

SUBJECT: Disposition of Rings Forfeited for the Benefit of the
United States Treasury

This memorandum responds to your request for advice in the above-referenced matter. In accordance with I.R.C. § 6110(k)(3), this Chief Counsel Advice should not be cited as precedent. This writing may contain privileged information. Any unauthorized disclosure of this writing may have an adverse effect on privileges, such as the attorney client privilege. If disclosure becomes necessary, please contact this office for our views.

QUESTION PRESENTED

What action, if any, should the Service take with regard to two rings now in the possession of the General Services Administration that a taxpayer, who has outstanding tax liabilities, forfeited for the benefit of the United States Treasury?

CONCLUSION

We agree with your conclusion that the General Services Administration be informed that the Service does not plan to take any action or request that the GSA take any action with respect to the rings. The GSA may dispose of the rings as it sees fit. If the GSA decides to sell the rings, no sale proceeds should be remitted to the Service.

FACTS

On _____, the taxpayer, who has outstanding tax liabilities, sent a letter to _____, enclosing two rings that belonged to the _____. The value of the rings has not been determined.

The taxpayer's letter stated that he was forfeiting the rings for "the benefit of the United States Treasury" and asked that _____ forward them to the Treasury. The taxpayer conceded "defeat" in an apparent dispute with the Service over his tax liabilities. After an unsuccessful attempt to return the rings to the taxpayer, _____ on April 27, 2001, sent them to the General Services Administration ("GSA"). The GSA contacted the _____, which in turn asked the Service whether it wished to seize the rings and sell them. The Service indicated that it did not wish to seize the rings but suggested that the GSA sell them and forward the net sale proceeds to the Service.

DISCUSSION

It is an established practice of the Service, recognized by the courts, to proceed against property in the hands of other federal agencies by a formal levy. See, e.g., United States v. Freedman, 444 F. 2d 1387 (9th Cir. 1971); Carlo v. United States, 286 F. 2d 841, 848-49 (2d Cir.), cert. denied, 366 U. S. 944 (1961); Simpson v. Thomas, 271 F. 2d 450 (4th Cir. 1959); see also I.R.M. 5.11.6.

Citing the procedural requirements of levying on the rings, the Service indicated that it does not wish to pursue this avenue. We find no authority for asking the GSA to sell the rings and forward the proceeds to the Service. Furthermore, we advise against any course of action that may appear to circumvent the Code's requirements in the case of seizures and sales. See I.R.C. §§ 6330, 6331, 6335.

We, therefore, agree with your determination to advise the GSA that the Service does not plan to take any action or request that the GSA take any action with respect to the rings. The GSA may dispose of the rings as it sees fit. If the GSA decides to sell the rings, no sale proceeds should be remitted to the Service.

Please call the attorney assigned to this case at _____ with any further comments or questions.