Internal Revenue Service

Department of the Treasury
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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:ITA:B01
PLR-123597-21

In Re:

Date:
November 22, 2022

Parent	=
Taxpayer	=
Seller	=
Buyer	=
Financial Advisor	=
State A	=
State B	=
City A	=
Year 1	=
Date 1	=
Date 2	=
Date 3	=
Date 4	=
Date 5	=
a%	=
b%	=
c%	=

$ d =

Business A

Business B

Dear :

This letter responds to a request for a private letter ruling that Parent filed on behalf of Taxpayer with the Internal Revenue Service (Service). In the letter ruling request and subsequent submissions, you seek an extension of time for Taxpayer to make a safe harbor election under Rev. Proc. 2011-29, 2011-18 I.R.B. 746, to deduct 70 percent and capitalize 30 percent of investment banking fees paid by Seller as Taxpayer's success-based fees, effective for the taxable year that ended on Date 1. The request is made in accordance with sections 301.9100-1 and 301.9100-3 of the Procedure and Administration Regulations. Taxpayer's request was filed with our office on Date 2.

FACTS

Parent is a domestic corporation and the common parent of a consolidated group (the "Parent Group"). Taxpayer, a State A corporation, is a direct, wholly owned subsidiary of Parent and a member of the Parent Group. Taxpayer is engaged in Business A. Taxpayer employs the accrual method of accounting on a calendar year basis.

Seller is a domestic limited partnership located in City A. Seller is a closed private equity investment fund that invests in and then later sells companies in Business B. Prior to selling its ownership interest, Seller owned a% of the stock of Parent. The remaining b% ownership in Parent was held by minority shareholders. Seller was appointed as the representative of all stockholders of Parent (collectively referred to herein as Selling Shareholders).

On Date 3, Taxpayer contracted with Financial Advisor to act as Taxpayer's investment banker and financial advisor with respect to (1) a sale of Taxpayer's stock or substantially all of its assets, (2) a recapitalization, or (3) an extraordinary dividend to Taxpayer's equity holders. Seller did not engage a separate financial advisor to act as its investment banker.[1] Financial Advisor provided services in connection with the sale

[1] Taxpayer also represented in its Date 5 submission that it, rather than Seller, engaged other parties (a law firm, an accounting firm, and media communication companies) "for services relating to its efforts to sell its stock." Taxpayer further stated that under terms of the

of Parent stock, including identifying and screening prospective purchasers, managing communications, and assisting Taxpayer with the preparation of materials for prospective purchasers. Under the contract, Taxpayer was obligated to pay Financial Advisor a fee equal to c% of the base purchase price upon the completion of a successful transaction (the Contingent Fee).

Taxpayer's executives took the lead and primarily engaged in communication with Financial Advisor regarding prospective buyers and in gathering information for prospective buyers.[2] Moreover, in the negotiation process with Buyer, Seller's representatives discussed, consulted, reviewed, and approved sale transaction terms sent to Buyer.

In exploring the potential sale of Parent, Seller and Taxpayer engaged in negotiations with Buyer, a State B limited liability company. On Date 4, Selling Shareholders and Buyer entered into a Stock Purchase Agreement (Sale Agreement) pursuant to which Buyer agreed to acquire all of the outstanding shares of common stock of Parent. Neither Parent nor Taxpayer was a party to the Sale Agreement, but rather both were the subject of the taxable stock acquisition transaction pursuant to which Selling Shareholders transferred all of their Parent stock to Buyer.

Pursuant to the Sale Agreement, certain sales-related expenses, including the Contingent Fee, were required to be paid out of the sales proceeds payable to Selling Shareholders. About three weeks after executing the Sale Agreement, Financial Advisor issued a $ d invoice to Taxpayer for its investment banking services. Prior to the disbursement of sales proceeds to Selling Shareholders, Buyer transferred a portion of the gross sales price to Seller to satisfy certain liabilities, including the Contingent Fee and other transaction costs. That same day (the date of the $ d invoice), Seller wired funds to pay Financial Advisor and other advisors their fees, thereby reducing sales proceeds payable by Buyer to Selling Shareholders.

Pursuant to a management consulting agreement between Taxpayer and Seller, Taxpayer was required to pay directly or reimburse Seller for any amounts Seller paid in connection with the consulting services, including services rendered by investment bankers or financial advisors. However, there is no evidence that Taxpayer recorded a payable or reimbursed Seller for the Contingent Fee that Selling Shareholders paid out of their sales proceeds or that Seller recorded a receivable on its books for the unreimbursed amounts.[3]

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agreements with these entities, Taxpayer would be required to pay the fees for their services only upon the consummation of a sale of its stock or assets.

[2] Taxpayer did not provide information regarding what, if any, parameters Seller placed on the terms of any arrangement being pursued by Taxpayer.

[3] Recording the amount of the Contingent Fee as a receivable due from Taxpayer would have been at odds with treating the Contingent Fee as a contribution to capital or a reduction in amount realized by Seller from the sale of Parent's stock.

Notwithstanding that the engagement letter obligated Taxpayer to pay the Contingent Fee (and other expenses) to Financial Advisor, the Sale Agreement caused Selling Shareholders to be obligated to pay those fees out of closing proceeds if not paid prior to closing. Consistent therewith, the Sale Agreement also required Seller to indemnify and hold Buyer, Parent and Taxpayer harmless for damages directly arising from its failure to pay the Contingent Fee (and other selling expenses) on or before closing.

Consistent with the Sale Agreement, Selling Shareholders accounted for the Contingent Fee paid by Seller as a reduction to the gross sales price to determine the amount realized on the sale of Parent stock; thus, Selling Shareholders' gain on the sale of Parent stock was reduced by the Contingent Fee paid by Seller.[4]

The Sale Agreement also contemplated that Taxpayer would claim an additional tax benefit by making the safe harbor election for success based fees (together with Selling Shareholders' reduced gain on the sale of Parent stock the "Duplicative Tax Benefit").[5] Taxpayer seeks a private letter ruling that permits Taxpayer to reduce its taxable income by the Contingent Fee despite Selling Shareholders having already reduced their taxable gain by the Contingent Fee paid by Seller.

Taxpayer represents that it benefitted from the sale of Parent because Buyer could provide it with greater access to capital to expand its business. Taxpayer does not address Seller's motivation for transferring ownership of Parent, but Seller was in the business of investing in and selling interests in companies and generated substantial gain from the sale. A press release issued by Seller and Financial Advisor states that Financial Advisor provided strategic and financial advisory services to both Taxpayer and Seller with respect to the sale of Parent to Buyer.

Taxpayer contends that it should be granted relief to make a late success-based fee election to deduct 70 percent of the Contingent Fee. Taxpayer's position is based in part on certain previously issued letter rulings that it claims involve similar circumstances and in part on other non-precedential Large Business & International (LB&I) training material. Taxpayer claims it "incurred" the Contingent Fee because it, not Seller (its indirect controlling shareholder), entered into the contract with Financial Advisor, which obligated Taxpayer to pay the Contingent Fee. Taxpayer generally claims that Seller paid the Contingent Fee on behalf of Taxpayer pursuant to section 1.263(a)-5(k), but alternatively argues that Buyer paid the fee on behalf of Taxpayer.

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[4] It is not entirely clear if Seller paid the Contingent Fee just before or just after it received payment from Buyer; the analysis herein is not dependent on such timing.

[5] Under the Sale Agreement, Selling Shareholders were responsible for pre-closing period taxes due for the sold business and were entitled to the benefit of tax deductions arising from the payment of transaction costs allocable to pre-closing tax periods. The Sale Agreement also provided that unless otherwise requested by Seller, Taxpayer would make a Rev. Proc. 2011-29 election to treat 70 percent of success-based fees that were paid or accrued by or on behalf of Taxpayer in or before Year 1 as an amount paid that did not facilitate the contemplated transaction.

Taxpayer further claims that Contingent Fee is properly regarded to be paid on its behalf because it primarily benefited from the Financial Advisor's engagement in that it was actively involved with the negotiation of its sale, which enabled it to obtain funding for its expansion efforts. Taxpayer claims that the engagement of Financial Advisor provided only incidental benefits to Seller.

Finally, Taxpayer contends that the Duplicative Tax Benefit is justified because (a) Seller should be deemed to have made a capital contribution to Taxpayer equal to the Contingent Fee (thereby increasing Seller's basis in Parent and reducing Seller's gain on the sale), and (b) Taxpayer should be deemed to have paid the Contingent Fee eligible for the success-based fee safe harbor election under Rev. Proc. 2011-29.

LAW AND ANALYSIS

We decline to grant Taxpayer relief to make a late election under Rev. Proc. 2011-29 to deduct 70 percent and capitalize 30 percent of the Contingent Fee paid by Seller. This letter sets forth the primary reasons for declining to grant a favorable ruling.

The Service Has Discretion to Deny a Taxpayer Relief to Make a Late Election for Which it Fails to Qualify

Sections 301.9100-1 through 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make an election. Section 301.9100-1(a) provides that an extension of time is available for elections that a taxpayer is *otherwise eligible to make.* However, the granting of an extension is not a determination that the taxpayer is otherwise eligible to make the election**.** Section 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides extensions of time for making elections that do not meet the requirements of section 301.9100-2.

Section 301.9100-1(c) provides that the Commissioner has discretion to grant a reasonable extension of time under the rules set forth in sections 301.9100-2 and 301.9100-3 to make certain regulatory elections. Section 301.9100-1(b) defines a "regulatory election" as an election whose due date is prescribed by a regulation published in the Federal Register, or a revenue ruling, revenue procedure, notice, or announcement published in the Internal Revenue Bulletin.

In the interest of tax administration, the Commissioner has the discretion to deny a taxpayer's request for relief to make a late election if the taxpayer does not meet the requirements to make the relevant election. Section 301.9100-1(a). That specific issue was addressed in the preamble to the final regulations. The preamble responded to a commentator urging that the regulations clarify that requests for late elections not be denied because the taxpayer fails to meet the requirements to make the election. T.D. 8742, 1998-1 C.B. 388. In relevant part, the preamble to T.D. 8742 states:

> The commentator suggested that a request for extension of time to make an election should not be denied on the basis that the taxpayer fails to qualify for the underlying election. The commentator noted that the regulations provide that the granting of § 301.9100 relief is not a determination that the taxpayer is otherwise eligible to make the election. This suggested modification has not been adopted. The IRS and the Treasury Department believe it is in the interest of sound tax administration to deny § 301.9100 relief when it becomes apparent in considering the request for an extension of time that the taxpayer is not otherwise eligible to make the election. This ensures that the resources of the IRS are brought to bear in the resolution of the issue regarding eligibility at the earliest stage of the administrative process.

Thus, where a taxpayer seeks relief to make a late election for which it is apparent that it does not qualify, the Service, in the interest of sound tax administration, will deny such relief. The remainder of this adverse letter explains why Taxpayer fails to qualify to make the safe-harbor election under Rev. Proc. 2011-29.

Section 1.263(a)-1(e)(1) Governs the Taxation of the Contingent Fee, Thereby Rendering Section 1.263(a)-5's Rules Inapplicable

The section 1.263(a)-5 regulations that Taxpayer relies upon apply to amounts paid to facilitate an acquisition of ownership interest in a taxpayer and other transactions specified in section 1.263(a)-5(a). However, section 1.263(a)-5(b)(2) provides that an amount required to be capitalized by section 1.263(a)-1 does not facilitate a transaction described in section 1.263(a)-5(a). Simply put, the rules upon which Taxpayer relies (rules governing transactions specified in section 1.263(a)-5(a)(1)-(10)) do not apply because section 1.263(a)-1(e)(1), as explained below, causes the Contingent Fee at issue to be capitalized as a cost that reduces the amount realized on the sale of Parent stock.

Section 1.263(a)-1(e)(1) states that commissions and other transaction costs paid to facilitate the sale of property are not currently deductible under section 162 or 212. Instead, the amounts are capitalized costs that reduce the amount realized in the taxable year in which the sale occurs. Section 1.263(a)-1(e)(1) states, "These amounts are not added to the basis of the property sold." *See also Spreckels v. Helvering*, 315 U.S. 626 (1942).

The Contingent Fee paid by Seller falls squarely within section 1.263(a)-1(e)(1). The provision applies to commissions and other transaction costs paid to facilitate a sale of property. The Contingent Fee was paid pursuant to the Sale Agreement that obligated Seller to pay the fee and other transaction costs upon closing, either out of its own funds or out of funds that it would otherwise receive from Buyer for and upon the sale of Parent. Such selling costs must be accounted for as an offset to sales proceeds

payable to Selling Shareholders under section 1.263(a)-1(e)(1) and longstanding case law.

In evaluating the origin of the costs incurred by a majority shareholder in a valuation proceeding under state law to acquire interests of a minority shareholder, the Supreme Court observed *in Woodward v. Comm'r*, 397 U.S. 572, 575: "It has long been recognized, as a general matter, that costs incurred in the acquisition or disposition of a capital asset are to be treated as capital expenditures." The Court explained that legal, brokerage, accounting and similar costs of acquisitions and dispositions are treated by courts as capital expenditures because "such ancillary expenses incurred in acquiring or disposing of an asset are as much part of the cost of that asset as is the price paid for it." *Woodward,* at 576. *See also Spreckels,* 315 U.S. 626, 630 (commissions paid by a taxpayer selling securities is a reduction in amount realized); *Helvering v. Union Pac. R. Co.*, 293 U.S. 282, 286 (Court determined that commissions and discount from debt issuances were similar to sales commissions that are treated as reducing sales proceeds "to arrive at the net capital profit or loss for purposes of computing the tax" from the sale of property, causing the debt issuance costs to be treated as an adjustment to the proceeds realized from the debt.); *Spangler v. Comm'r*, 323 F.2d 913, 921 (9th Cir. 1963) ("the capitalization of business selling expenses is a long established and accepted requirement"); *Davis v. Comm'r,* 151 F.2d 441, 443 (8th Cir. 1945) (section 212 predecessor provision does not disturb the treatment of selling commissions as an offset against sales price); *INDOPCO, Inc. v. Comm'r*, 503 U.S. 79, 84 (1992) (the goal of the Internal Revenue Code is to match expenses with the revenues that the expenditure generates).

Section 1.263(a)-1(e)(1) and case law precludes the tax treatment that Taxpayer seeks. The Contingent Fee is precisely the type of cost that is required to be capitalized as an offset to the amount realized by Seller and Selling Shareholders so as to match the sales proceeds with the cost of generating that revenue. Given that the Contingent Fee is capitalized as a cost paid to facilitate the sale of property under section 1.263(a)-1(e)(1), the rules in section 1.263(a)-5 do not apply. *See* section 1.263(a)-5(b)(2). Thus, the Duplicative Tax Benefit sought by Seller and Taxpayer is neither allowed nor justified.

Section 1.263(a)-1(e) and Supreme Court Authority on the Capitalization of Selling Costs Are Not Rendered Inapplicable Based Upon Taxpayer's Claim That the Contingent Fee Was Its Cost for Section 162 or Section 263(a) Purposes

Taxpayer argues that the well-established tax law treating selling cost as an offset to a seller's amount realized is not applicable where the costs are the costs of the sold target. Taxpayer argues that section 1.263(a)-1(e)(1) can apply to the Contingent Fee only if it is first established that the cost is that of the Selling Shareholders, and not the cost of Taxpayer. Taxpayer claims that the Contingent Fee was its cost because it undertook the contractual obligation to pay Financial Advisor and it benefitted from the

payment of those costs. Thus, Taxpayer claims that it should be able to deduct 70 percent of the costs under Rev. Proc. 2011-29 and section 162 and capitalize 30 percent of the costs under that revenue procedure and section 1.263(a)-5.

Taxpayer's contention is not supported by relevant law. Nothing in the language of section 1.263(a)-1(e) or relevant case law suggests that the treatment of selling cost as an offset against a seller's amount realized is negated by causing a related party to contractually bear those costs. However, even if section 1.263(a)-1(e)(1) operated as Taxpayer posits, the controlling case law on which party may deduct a section 162 cost requires looking beyond which of two related parties contracted to pay the costs and whether the contracting party obtained a benefit.

Taxpayer's contentions place unjustified significance on whether a controlled entity contracts to pay or in fact pays a cost.

(a) The Deductibility of Third-Party Costs Is Not Controlled by Which Related Party Contracted to Pay or Paid the Cost

Section 162(a) allows a deduction for the ordinary and necessary business expenses paid or incurred during the taxable year in carrying on a trade or business. To be deductible as ordinary and necessary, an expense must be "directly connected with" or have "proximately resulted from" a taxpayer's business activity. *Kornhauser v. United States*, 276 U.S. 145, 153 (1928).

Close scrutiny is given to the treatment of third-party expenses involving corporations and their controlling shareholder(s). *Hood v. Comm'r,* 115 T.C. 172, 179 (2000). In *Hood*, the Tax Court examined whether a corporation could deduct legal fees it incurred to help defend a controlling shareholder against criminal charges. The court determined that the payments were nondeductible constructive dividends to the shareholder because the expenditures were for the primary benefit of the shareholder. Consistent therewith, the Service's position is that if a target corporation pays expenses for the benefit of an individual shareholder who engaged parties to provide financial services related to his transfer of ownership in a tax-free reorganization, then the payment of the costs by the target company is a constructive dividend to the individual for the benefit of transferring his ownership interests. Rev. Rul. 75-421, 1975-2 C.B. 108. This logically follows from the well-established law that requires a party to capitalize costs of effecting a sale of property or other capital transactions.

In related party settings, courts have regularly rejected the notion that the party that contractually obligates itself to pay a third-party expense is necessarily the rightful party to take a section 162 deduction for the expense. *Deputy v. du Pont,* 308 U.S. 488, 496 (1940); *Interstate Transit Lines v. Comm'r*, 319 U.S. 590, 594 (1943); *Swed Distributing Company v. Comm'r*, 323 F.2d 480, 483 (5th Cir. 1963). In evaluating which related party is the appropriate party to take a section 162 deduction, courts generally have focused on the connection of the expense to the respective businesses of those parties.

Deputy v. du Pont, 308 U.S. 488, 494 - 496 (1940); *Interstate Transit Lines*, 319 U.S. 590, 594. Courts do not assume (as Taxpayer asserts here) that the identity of the contracting party is determinative of which party is entitled to the deduction of the third-party expenditure.

The Supreme Court has authoritatively spoken to this issue. The Court in *du Pont* ruled that an individual shareholder could not deduct certain costs associated with funding a stock compensation program of a corporation, of which he owned 16 percent, even though he contractually bore and benefitted from the expenditures made. In analyzing the language of section 23, the predecessor provision to section 162, the Court observed that implicit in the statutory words "expenses paid or incurred in carrying on any trade or business" is a proximate relationship between the expense and business of the taxpayer. It stated:

> One of the extremely relevant circumstances is the nature and scope of the particular business out of which the expense in question accrued. The fact that an obligation to pay has arisen is not sufficient. It is the kind of transaction out of which the obligation arose and its normalcy in the particular business which are crucial and controlling.

du Pont, 308 U.S. at 496.

Three years later, the Court in *Interstate Transit Lines* reiterated its position that a shareholder's agreement to pay costs of a subsidiary is not determinative of whether the taxpayer is entitled to a deduction. It stated,

> The mere fact that the expense was incurred under contractual obligation does not of course make it the equivalent of a rightful deduction under § 23(a). That subsection limits permitted deductions to those paid or incurred 'in carrying on any trade or business.' The origin and nature, and not the legal form, of the expense sought to be deducted, determines the applicability of the words of § 23(a).

Interstate Transit Lines, 319 U.S. at 594.

Similar reasoning was adopted by the Tax Court in *Square D Company v. Comm'r*, 121 T.C. 168 (2003), a case that is instructive because it involved a situation in which the Service sought to preclude a subsidiary from amortizing borrowing related costs that were originally contractually borne and paid by its parent company. The costs were contractually borne by the parent company because the subsidiary was not yet in existence at the time the loan commitment was entered. The Tax Court concluded that, "[u]nder the circumstances of this case, where the loan acquisition costs were incurred on behalf of petitioner and then paid by petitioner, it is appropriate to allow petitioner to deduct the costs it paid." *Square D Company,* 121 T.C. at 201. Notably, the court viewed the transaction costs of the lending transaction to be those of the ultimate

borrower. The court's conclusion logically followed from the fact that the subsidiary (not the parent company) was the party that obtained the loan proceeds. The decision is instructive as the court looked beyond the nominal obligation of the parent to pay the costs and treated the costs as capitalized and amortizable costs of the borrower, consistent with Supreme Court precedent that treats debt issuance costs as capitalized costs of the debt issuer. *Helvering v. Union Pac. R. Co.*, 293 U.S. 282, 286.

(b) Consistent with Well-Established Law Addressing the Treatment of Costs of Selling Property, the Contingent Fee Was Directly and Proximately Connected to and Arose From Seller's Activity of Investing in and Selling Portfolio Companies

Consistent with section 1.263(a)-1(e)(1) and law that treats commissions and other transaction costs as capitalized cost of selling property, the Contingent Fee is not appropriately treated as Taxpayer's cost. Rather, the Contingent Fee originated from and was paid to facilitate a sale and to generate substantial proceeds for Seller. The Seller's activity of buying and then selling businesses was the genesis of the Contingent Fee and necessarily must be accounted for, consistent with longstanding law, as a cost that offsets the amount realized from the sale. The costs directly and proximately related to Seller's selling activity. By contrast, Parent along with Taxpayer, as its subsidiary, were simply the objects of the sale; Taxpayer did not partake in sales proceeds that were the ultimate objective of the Seller's business of investing in Parent and Taxpayer, along with other portfolio companies.[6]

It is noteworthy that even the amount of the compensation paid to Financial Advisor was directly linked to and dependent upon (a) the occurrence of a sale, and (b) the amount of sales proceeds generated. In the negotiations, Seller's representatives discussed, consulted, reviewed, and approved sale transaction terms sent to Buyer. The nexus between the selling costs and Seller's business activity is particularly pronounced where Seller operated as a fund that seeks to profit from the purchase and sale of portfolio company businesses. In that sense, it is difficult to imagine a cost more directly and proximately related to that business activity than the Contingent Fee and other costs of facilitating the sale under section 1.263(a)-1(e)(1).[7]

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[6] The Tax Court in *Plano Holding LLC v. Comm'r*, T.C. Memo. 2019-140, addressed the attempt by a buyer to treat investment banking fees as being partially deductible success-based fees of the acquired company. The court rejected the buyer's argument and characterized the fees paid as akin to a finder's fee for the investment banking firm's legwork to find the investment opportunity.

[7] Barber, Frank and Goold, Michael, *The Strategic Secret of Private Equity*, Harvard Business Review, 53-61 (Sept 2007) (explaining the strategic benefits of the private equity model that involves raising capital from investors to buy and sell businesses, usually holding such businesses for a finite time period of ten years or less).

By contrast, the Contingent Fee was only indirectly or incidentally related to Taxpayer's business activity. The fee paid to the Financial Advisor was directly dependent upon and determined by the success of and sales proceeds generated by the sale of Parent stock, not in respect of any operational performance metric or activity of Taxpayer or its Parent. Although Taxpayer represents that it considered new ownership to be beneficial to its future growth prospects, that was an incidental and indirect benefit from the sale of Parent, and along with it, Taxpayer. Accordingly, the expense is not a section 162 deduction of Taxpayer.[8]

CONCLUSION

Based on the facts and representations submitted, we conclude that Taxpayer has not satisfied the underlying requirements for making the election under Rev. Proc. 2011-29 to deduct 70 percent and capitalize 30 percent of the amount of the success-based fees. Accordingly, Taxpayer's request for an extension of time to make a late election under section 301.9100 for Year 1 is denied.

Except as expressly provided herein, no opinion is expressed or implied concerning the federal income tax consequences of the transactions described above. Among other matters, this ruling expresses no opinion upon the treatment of other selling costs paid by Seller or Selling Shareholders but contracted for by Taxpayer. This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

[8] Contrary to Taxpayer's assertion, this is not a case in which the parent corporation is precluded from deducting a section 162 expense of a subsidiary. *Cf.* Rev. Rul. 84-68, 1984-1 C.B. 31 (a parent corporation was precluded from deducting compensation expense of a subsidiary even though the parent obtained an indirect benefit). That line of authority has no application here because the Contingent Fee was not a section 162 expense of Taxpayer and because section 1.263(a)-1(e)(1) specifically treats the cost as a reduction to the Selling Shareholders' amount realized.

In accordance with the terms of a power of attorney on file in this office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

Patrick White
Senior Counsel, Branch 1
(Income Tax & Accounting)

cc: