

MYERS AND ASSOCIATES

Memo

Date: May 6, 2003

To: [REDACTED]

Re: Compliance with the IRC

This memo concerns endowments to the Copyrighted Spendthrift Trusts. Generally, funds or endowments conveyed to a trust have no tax consequences to the party contributing the funds or endowments, the beneficiaries, or to the trust itself.

Since the Copyrighted Spendthrift Trusts are written in compliance with the Internal Revenue Service Statutes and Codes on Estates, Trusts and Beneficiaries, and are acceptable entities they receive Employee Identification Numbers, and file a Form 1041 as a Complex Trust each year. They must meet the compliance codes and filing requirements. Relevant code sections are Title 26, Subtitle A, Chapter 1, Subchapter I, Part 1, Sections 59, 67, 543, 553, 927 Subpart A Section 641; Section 643, Subparts A, B, C, and D, and including Section 651, Sections 672, 67:3, 674, 675, 676, 677, and 678.

Title 26, Subtitle A, Chapter 1, Subchapter I, Part 1, Subpart A, Section 643, definitions applicable to subparts A, B, C, and D clearly define and outline that gains from the sale or exchange of capital assets shall be excluded to the extent that such gains are allocated to the corpus of a trust and are not required by the governing instrument to be distributed to the beneficiaries.

It further outlines that extraordinary dividends and taxable stock dividends are excluded as items of gross income constituting extraordinary dividends or taxable stock dividends. Whereas, the trustee, according to the terms and conditions of the of the trust in compliance with all applicable local laws and the trustee acting in good faith determines that such dividends are allocable to the corpus of the trust under the terms of the governing instrument and applicable local law shall not be considered income.

As you know I have served for many years as a Senior Revenue Agent with the Department of the Treasury responsible for the examination of Corporate tax returns, Real Estate Investment Trusts, High Income Individuals and related taxable entities and the accurate application of tax laws and related procedures created by the Congress of the United States.

Sincerely,

*Lawrence J. Myers*

Trustee