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Your Company Letterhead

Internal Revenue Service Center
UNRTR-IRP
PO Box 63325
Philadelphia, PA 19154-2100

Date: _____

Re: Payer Name
Re: Payer TIN #
Form: CVL PEN Penalty Reference Code: XXX (From the notice you received from IRS)
Tax Period: December 31, 2007

(Enter Payer Name) has received the above captioned notice of proposed penalty dated August XX, 2009 and we disagree with the proposed civil penalty totaling \$_____.

We received the first notification from the IRS on (October XX, 2007). According to your instructions we took corrective action by sending a Form W-9 to each of the recipients whose TIN's were listed on the B-Notice. Attached is a summary of the action taken and a copy of the cover letter.

After complying with the instructions and upon receiving the returned W-9 Form from the respective recipient, our records were updated based on the information indicated on the W-9 Form. Corrective action included updating the record if the TIN was incorrect, or deactivating the incorrect TIN Records and establishing a new record based upon the recipient of the new/corrected TIN. Or if the W9 reflected a change in the name, the legal name was corrected.

Other action was taken for the following instances:

- If the W9 was not returned by the recipient the account was either deactivated so no further payments could be generated to that particular TIN; OR we initiated backup withholding on these accounts.
- Form W9's that were returned by the Post Office as "undeliverable" due to the recipient not leaving a forwarding address, or forwarding time had expired, were also deactivated so no further payment could be made; OR we initiated backup withholding on these accounts.

In essence, recipients whose TIN was listed as incorrect and who did not supply us with a corrected TIN/Name did not receive any payments from us since the date of your first notice. (Note to sender: If

you cannot stop payments then consider initiation of backup withholding on these recipients and notify the IRS that you did so).

The IRS instructions indicate that no action was required if the recipient agreed that our records were correct which also meant that the record was more than likely updated between the time the tax form was mailed and receipt of the B-Notice or the Penalty Notice from the IRS.

In conclusion we feel that the action taken by us is reasonable and prudent based upon the IRS instructions. In addition in a proactive effort to reduce the number of errors due to incorrect taxpayer identification number (TIN) or mismatching names, we have contracted with an outside service to prepare and file our 1099's. This service provider matches our recipient TIN with the IRS Tin Matching Program on a (monthly or annual) basis. This new system was instituted with Tax Year XXXX. And since the inception of this program we have been able to reduce out TIN/Name mismatch issues by approximately XX%.

After considering the information provided in this correspondence we are requesting that all proposed penalties related to this matter be abated. If you have any questions or require additional information please contact me at _____.

Sincerely,