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REPLY TO: ALBANY OFFICE

December 20, 2007

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RE: **IRS ATTACKS FAMILY LIMITED PARTNERSHIPS**

Dear Merge Mr/Ms Last Name:

The IRS has added additional arrows in its quiver targeting family limited partnerships ("FLP"). Recent court decisions prompt taxpayers to reexamine their estate plans involving FLP's.

Specifically, a review of, and a possible amendment to, documentation may be necessary in situations involving the typical FLP structure where a pass-through entity such as a Subchapter S corporation or an LLC holds a small general partner interest in the FLP.

The IRS seems to have abandoned its attack on lack of marketability and lack of control discounts on FLP interests. Instead, the IRS seems to be focusing on any direct or indirect interests retained by family members over FLP distributions or liquidations.

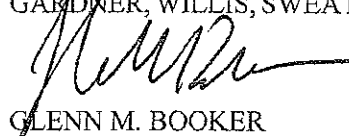
The family member(s) that created the FLP must not have any influence in connection with FLP property distributions or FLP liquidation decisions. If an individual has the power to influence cash distributions or liquidation decisions, then he would be deemed to have retained an interest in the property of the family limited partnership, and therefore may jeopardize any estate planning tax benefits that may accrue upon death.

Please allow us to review your documents to determine the need for an amendment which would restrict the general partner's ability to influence distributions and liquidation of the FLP. We may need to restrict the family member's ability to influence these issues in order to preserve any estate planning benefits that may be available to your estates and in order to keep up with current case law changes.

Please call me at once in order to set up an appointment to review your current situation involving your FLP.

Sincerely,

GARDNER, WILLIS, SWEAT & HANDELMAN, LLP



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