

**Internal Revenue Service**  
Area Director

**Department of the Treasury**  
8 North State Street, Room 405  
Painesville, Ohio 44077

Date: December 1, 2003

**Taxpayer Identification Number:**

[REDACTED]

**Form:**

1040

**Tax Period(s) Ended and Deficiency Amount(s):**

12/31/1996 \$12,311,997.00

12/31/1998 \$12,311,999.00

**Person to Contact:**

Mr. T. Taylor

**Contact Telephone Number:**

440-392-6785

**Employee Identification Number:**

31-09702

**Last Date to Respond to this Letter:**

December 15, 2003

[REDACTED]  
[REDACTED]  
[REDACTED]

Dear [REDACTED]

We have enclosed an examination report showing proposed changes to your tax for the period(s) shown above. Please read the report, and tell us whether you agree or disagree with the changes by the date shown above. (This report may not reflect the results of later examinations of partnerships, S Corporations, trusts, etc., in which you may have an interest. Changes to those accounts could also affect your tax.)

**If you agree with the proposed changes...**

1. Sign and date the enclosed agreement form. If you filed a joint return, both taxpayers must sign the form.
2. Return the signed agreement form to us.
3. Enclose payment for tax, interest and any penalties due. Make your check or money order payable to the **United States Treasury**. You can call the person identified above to determine the total amount due as of the date you intend to make payment.
4. After we receive your signed agreement form, we will close your case.

If you pay the full amount due now, you will limit the interest and penalty charged to your account. If you agree with our findings, but can only pay part of the bill, please call the person identified above to discuss different payment options. We may ask you to complete a collection information statement to determine your payment options, such as paying in installments. You can also write to us or visit your nearest IRS office to explain your circumstances. If you don't enclose payment for the additional tax, interest, and any penalties, we will bill you for the unpaid amounts.

If you are a "C" Corporation, Section 6621 (c) of the Internal Revenue Code provides that an interest rate 2% higher than the standard rate of interest will be charged on deficiencies of \$100,000 or more.

**If you don't agree with the proposed changes...**

1. You may request a meeting or telephone conference with the supervisor of the person identified in the heading of this letter. If you still don't agree after the meeting or telephone conference, you can:
2. Request a conference with our Appeals Office. If the total proposed change to your tax is:
  - \$25,000 or less for *each* referenced tax period; send us a letter requesting consideration by Appeals. Indicate the issues you don't agree with and the reasons why you don't agree. If you don't want to write a separate letter, you can complete the Statement of Disputed Issues at the end of this letter and return it to us.
  - More than \$25,000 for *any* referenced tax period; you must submit a formal protest.

The requirements for filing a formal protest are explained in the enclosed Publication 3498, *The Examination Process*. Publication 3498 also includes information on your *Rights as a Taxpayer* and the *IRS Collection Process*.

If you request a conference with our Appeals Office, an Appeals Officer will call you (if necessary) for an appointment to take a fresh look at your case. The Appeals Office is an independent office most disputes considered by the Appeals Office are resolved informally and promptly. By requesting a conference with our Appeals Office, you may avoid court costs (such as the Tax Court \$60 filing fee), resolve the matter sooner, and/or prevent interest and any penalties from increasing to your account.

If you decide to bypass the Appeals Office and petition the Tax Court directly, your case will usually be sent to an Appeals Office first to try to resolve the issue. Certain procedures and rights in court (for example, the burden of proof and potential recovery of litigation costs) depend on you fully participating in the administrative consideration of your case, including consideration by the IRS Appeals Office.

If you don't reach an agreement with our Appeals Office or if you don't respond to this letter, we will send you another letter that will tell you how to obtain Tax Court Review of your case.

You must mail your signed agreement form, completed Statement of Disputed Issues, or a formal protest to us by the response date shown in the heading of this letter. If you decide to request a conference with the examiner's supervisor, your request should also be made by the response date indicated.

MAIL RESPONSES TO:      Internal Revenue Service  
   Attn: Todd Taylor  
   8 North State Street, Room 405  
   Painesville, Ohio 44077

If you have any questions, please contact the person identified in the heading of this letter. We will be glad to discuss your options with you.

Sincerely yours,

Todd Taylor  
Internal Revenue Agent

Enclosures:  
Copy of this letter  
Examination Report  
Agreement Form  
Publication 3498  
Envelope

## STATEMENT OF DISPUTED ISSUES

THE PROPOSED CHANGE IS \$25,000 or less for each of the REFERENCED TAX PERIOD(S).

Issue(s) I Disagree with:

Reasons for Disagreement:

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(if more space is needed, attach a separate sheet)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Form **870**  
(Rev. March 1992)

Department of the Treasury—Internal Revenue Service

**Waiver of Restrictions on Assessment and Collection of  
Deficiency in Tax and Acceptance of Overassessment**

Date received by  
Internal Revenue Service

Names and address of taxpayers (Number, street, city or town, State, ZIP code)

██████████  
██████████  
██████████

Social security or employer  
identification number

██████████

**Increase (Decrease) in Tax and Penalties**

Tax year ended	Tax	Penalties		
		IRC 6651(a)(1)	IRC 6651(a)(2)	IRC 6654
12/31/1996	17,682.00	3,978.45	4,420.50	126.56
12/31/1997	25,849.00	5,816.03	6,462.25	1,382.94
12/31/1998	48,094.00	10,821.15	12,023.50	2,200.73
12/31/1999	63,793.00	15,948.25	3,087.32	

(For instructions, see back of form)

**Consent to Assessment and Collection**

I consent to the immediate assessment and collection of any deficiencies (*increase in tax and penalties*) and accept any overassessment (*decrease in tax and penalties*) shown above, plus any interest provided by law. I understand that by signing this waiver, I will not be able to contest these years in the United States Tax Court, unless additional deficiencies are determined for these years.

YOUR SIGNATURE HERE →		Date
SPOUSE'S SIGNATURE →		Date
TAXPAYER'S REPRESENTATIVE HERE →		Date
CORPORATE NAME →		
CORPORATE OFFICER(S) SIGN HERE →	Title	Date
	Title	Date

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Name of Taxpayer:

Identification Number: 

Form 870 page 2

## Instructions

### General Information

If you consent to the assessment of the deficiencies shown in this waiver, please sign and return the form in order to limit any interest charge and expedite the adjustment to your account. Your consent will not prevent you from filing a claim for refund (*after you have paid the tax*) if you later believe you are so entitled. It will not prevent us from later determining, if necessary, that you owe additional tax; nor extend the time provided by law for either action.

We have agreements with State tax agencies under which information about Federal tax, including increases or decreases, is exchanged with the States. If this change affects the amount of your State income tax, you should file the required State form.

If you later file a claim and the Service disallows it, you may file suit for refund in a district court or in the United States Claims Court, but you may not file a petition with the United States Tax Court.

We will consider this waiver a valid claim for refund or credit of any overpayment due you resulting from any decrease in tax and penalties shown above, provided you sign and file it within the period established by law for making such a claim.

### Who Must Sign

If you filed jointly, both you and your spouse must sign. If this waiver is for a corporation, it should be signed with the corporation name, followed by the signatures and titles of the corporate officers authorized to sign. An attorney or agent may sign this waiver provided such action is specifically authorized by a power of attorney which, if not previously filed, must accompany this form.

If this waiver is signed by a person acting in a fiduciary capacity (*for example, an executor, administrator, or a trustee*) Form 56, Notice Concerning Fiduciary Relationship, should, unless previously filed, accompany this form.