

**IRS Guidance Issued of Tax Rules and
“Safe Harbor” Procedures for Taxpayers
in Investment Arrangements Discovered to Be
Criminally Fraudulent (“Guidance”)**

The Trustee wishes to bring to the attention of BLMIS customers that in connection with testimony before the Senate Finance Committee on March 17th the Commissioner of the Internal Revenue Service announced that the Service was issuing the above-referenced Guidance to taxpayers. It applies to Ponzi-type investment scheme losses for which the discovery year is a taxable year beginning after December 31, 2007.

The Guidance may be found in (1) Revenue Ruling 2009-9 , which clarifies the income tax law governing the treatment of losses in such schemes, and (2) Revenue Procedure 2009-20, which provides a safe-harbor method of computing and reporting the losses. For further information about the Guidance, you should check the Service’s website at www.irs.gov. or contact your tax advisor.