

TAX INFORMATION RELATED TO ALBERT PARISH, PARISH ECONOMICS, LLC AND SUMMERFIELD HARD ASSETS, LLC AND RELATED ENTITIES

NOTICE

The following information is not tax advice. Each individual should consult with a qualified tax adviser such as a Certified Public Accountant or Attorney to determine the appropriate tax treatment based on his or her specific circumstances.

On April 5, 2007 the United States Securities and Exchange Commission (“the SEC”) filed a lawsuit against Parish Economics, LLC, Summerfield Hard Assets, LLC, (“Parish”) and its principal, Albert E. Parish. In sum, the SEC alleges that Parish’s investment offerings were illegal and perhaps operated as a Ponzi scheme. The SEC alleges intentional wrongdoing by the defendants in operating this scheme, which is illegal under both federal and state laws. The Receiver has determined that Parish’s payments to investors were made from purchase proceeds obtained from other investors. Parish did not generate revenue from any other sources that would be sufficient to support the monthly payments.

It appears that in excess of \$100 million was raised from a large number of investors. While the Receiver has frozen cash and hard assets as of the date of this memorandum, it is unclear how much will actually be available for distribution to investors.

Most importantly, the Internal Revenue Service has informed us that tax returns and K-1’s for 2005 and 2006 **were never filed** with the Internal Revenue Service. We have been told that the IRS will send us a letter to this effect, which we will post on the web site when received. You should consult with your tax adviser regarding the effect, if any, this circumstance might have regarding your income tax filings.

THEFT LOSS

Section 165(a) of the Internal Revenue Code provides that there shall be allowed as a deduction any loss sustained during the taxable year and not compensated for by insurance or otherwise. Section 165(c) provides that in the case of an individual, losses are limited to losses incurred in a trade or business, losses incurred in a transaction entered in to for profit, and losses from fire, storm shipwreck, other casualty, or theft. Under Section 1.165-8(d) of the Income Tax Regulations, the term “theft” shall be deemed to include, but shall not be limited to, larceny, embezzlement, or robbery. The leading case in this area, Edwards v. Bromberg, states that for tax purposes, theft “is a word of general and broad connotation, intending to cover and covering, any criminal appropriation of another’s property to the use of the taker, particularly including theft by swindling, false pretenses, and any other form of guile.” Therefore, obtaining money under false pretenses might constitute fraud, which means that investors in a Ponzi scheme may be entitled to a theft loss deduction. Theft losses must be deducted in the

year the theft is discovered. The year of discovery is deemed to be the year a “reasonable person” would have discovered the loss. Because the SEC filed this civil action in 2007, it could be determined that a “reasonable person” would have discovered any theft loss in connection with these transactions in 2007. Again, you need to discuss the specific circumstances of your investment with your tax adviser to determine whether this is applicable to your situation.

An important point of clarification is that to qualify as a theft loss, the theft must be imposed directly on the taxpayer. Thus, for example, if a person’s IRA or 401(k) plan purchased the investments, the IRA or the 401(k) plan is considered the “taxpayer” and not the individual who is the beneficiary of the IRA or 401(k) plan.

Because payments under these transactions may be taxable to you, you may receive K-1’s from the entities in which you have invested or we may be required to issue you a Form 1099. However, you and your tax adviser should consider whether, in light of the SEC actions, the cash payments you received might instead be considered as a recovery of part of your investment. In addition, you may have received one or more K-1’s from these entities in prior years that may or may not be correct. If we are able to conclusively determine this, we will prepare and furnish you corrected K-1’s for 2004, the only remaining year open under the statute of limitations. The amount of income you have reported on your tax returns in years earlier than that for which you did not receive cash payments increases your adjusted basis in your investment. As mentioned above, K-1’s for 2005 and 2006 were never filed with the Internal Revenue Service and thus any you received may be disregarded in preparing your tax returns for those years.

We hope the above information will be helpful to you and your tax adviser. Repeating, ***this information is not tax advice. Each individual should consult with a qualified tax adviser such as a Certified Public Accountant or Attorney to determine the appropriate tax treatment based on his or her specific circumstances.***

The Receiver suggests that you print the Complaint filed by the SEC and this memo and take them to your tax adviser. These documents can be found at <http://www.haysconsulting.net/parish>