

**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.***

As you know, 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, and S. Gregory Hays was appointed as the ("Receiver") in the case.

Over the past few years, the Receiver has posted several Tax Memoranda on his web site and has encouraged investors to consult with a tax professional in routine investor updates. The Tax Memoranda provided information regarding taking a theft loss deduction and has provided case law updates for investors to share with their tax advisors.

The Receiver has recently been informed by one investor that his CPA firm was able to resolve challenges by the IRS to the deductions taken in 2004, 2005 and 2006. The investor asked the Receiver to notify other investors of this result. The investor's tax professionals were Riser, McLaurin & Gibbons, LLP, Certified Public Accountants, located in North Charleston, SC.

***We are providing this information to you for you to use (or not) as you deem appropriate. You may want to send a copy of this notice to your tax advisor. The Receiver has no relationship with Riser, McLaurin & Gibbons, LLP and is not making any endorsement or recommendation to investors about whether or not investors should contact that firm.***

**ADDITIONAL INFORMATION ON THE 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 into 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.

We hope the above information will be helpful to you and your tax adviser.

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>