

Internal Revenue Service
678 Front Avenue N. W., Suite # 200
Grand Rapids, Michigan 49504

Department of the Treasury

Date: March 3, 2004

Examiner:

Paula Cochran
Badge # 38-00992

Telephone Number:

(616) 235-1673

Date and Time of Examination:

March 23, 2004
10:00 a.m.

Dear Daniel Doyle Benham:

We have reviewed certain materials with respect to your tax shelter promotion. We are considering possible action under section 6700 and 7408 of the Internal Revenue Code relating to penalties and an injunction action for promoting abusive tax shelters. In addition, we plan to consider issuing "pre-filing notification" letters to the investors who have invested in this promotion.

You are requested to meet with the examiner at the above date and time at the Internal Revenue Service office located at 50 Morris, Suite # 320 Muskegon, Michigan 49440. Enclosed is a list of documents, books and records that you should have available and question you should be prepared to reply to at that time.

If we conclude that penalties, injunction, and/or "pre-filing notification" action is appropriate, you will be afforded an opportunity to present any facts or legal arguments which you feel indicate that such action should not be taken.

Sincerely yours,



Paula Cochran
Revenue Agent SB/SE

Enclosure
Information Document Request

Letter 1844 (DO)(09-1983)
Catalog Number: 61129A

To: (Name of Taxpayer and Company, Division or Branch)

Subject: Promoter Investigation

Mr. Daniel Doyle Benham
[Redacted]
[Redacted]

Submitted to: Daniel Doyle Benham

Dates of Previous Requests:
N/A

Description of Documents Requested:

Power of attorney, if you wish to have a representative work with me during the examination. The authorization must be accompanied by evidence of the authority of the person(s) who appoints the representative.

List of all clients from every year in which you sold or advertised this promotion.

Copies of any promotion material, including prospectus, brochures, seminar material, schedule of seminars offered, etc. used to describe, promote and sell this promotion

All minutes of any promotion entity from inception to the present, including records regarding the appointment and/or resignations/terminations of any entity official, records of all assets transferred into any entity, and all records regarding the ownership of all shares of beneficial interest in any entity.

Identification of all former and current entity officials from inception of the promotion to the present. Identification to include name, address and telephone number, both business and personal.

Listing of all owners of any promotion entity to include name, address, and Social Security Number or Employer Identification Number.

Bank statements, deposit slips, debit/credit memos and cancelled checks for all promotion entity accounts, U.S. and foreign, checking and savings, for the period December 1, 2002 through January 31, 2003.

All accounting books and records for each promotion entity from January 1, 2002 through December 31, 2002. Records to include, but not limited to check registers, disbursements journals, receipts journals, general ledger, and other workpapers used in the preparation of the tax return(s) and financial statement(s).

Copies of all income tax returns for each entity involved in the promotion for the years 2000 through 2002.

Copies of any related entities returns (Form 1120, 1120S, 1065, 1040, 940, 941, 945)

Information Due By

Mar. 23, 2004

At Next Appointment

Mail In

FROM

Name and Title of Requestor
Paula Cochran
Internal Revenue Agent (ID# 38-00992)

Date:
March 3, 2004

Office Location:
678 Front Avenue N. W. Suite # 200
Grand Rapids, Michigan 49504
Phone: Voice (616) 235-1673
FAX (616) 235-2249

To: (Name of Taxpayer and Company, Division or Branch)

Subject: Promoter Investigation

Submitted to: Daniel Doyle Benham

Dates of Previous Requests:

N/A

Description of Documents Requested:

Payroll tax returns (940 and all quarters 941) for the years 2000, 2001, and 2002. The documents should include Forms W-2 and current forms W-4.

Payroll ledger and associated records for calendar year 2002.

Copies of all Forms 1099 issued by each entity for tax years 2000, 2001, and 2002.

Copies of all Forms 1099 received by each entity for tax years 2000, 2001, and 2002.

All lease agreements entered into or in effect between January 1, 2002 through December 31, 2002 for each entity.

All loan documents, including but not limited to, loan agreements, promissory note, Deed of Trust, Security Agreement, payment record, and financial statements submitted to any lender, for loans entered into or that were in effect during the period January 1, 2002 through December 31, 2002 for each promotion entity.

Documentation to establish basis of all assets held by each entity, including assets transferred by grantors and assets acquired by each entity from inception through December 31, 2002. Original acquisition documents of all assets.

Documents should include, but are not limited to, sales contracts, purchase agreements, and all documents showing the source of funds used to purchase the assets. Provide names and addresses of transferors of properties to each entity and the basis of these properties to the transferors immediately before the transfer(s).

Documentation showing all sales and/or transfers of property from each entity from January 1, 2002 through December 31, 2002. Documents should include, but are not limited to, sales contracts, purchase agreements, and documents showing the disposition of funds received in the transfer of the assets.

Provide a statement as to the purpose for operating your business as a trust or as any other type of entity. Provide information as to who controls the funds of this entity, who has the power to distribute entity's income, and who controls the entity's assets.

Information Due By

Mar. 23, 2004

At Next Appointment

Mail In

Name and Title of Requestor

Paula Cochran

Internal Revenue Agent (ID# 38-00992)

Date:

March 3, 2004

FROM

Office Location:

678 Front Avenue N. W. Suite # 200

Grand Rapids, Michigan 49504

Phone: Voice (616) 235-1673

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Form 4564

Department of the Treasury
Internal Revenue Service
Department Information Document Request

Request Number
1

To: (Name of Taxpayer and Company, Division or Branch)

Subject: Promoter Investigation

Submitted to: Daniel Doyle Benham

Dates of Previous Requests:
N/A

Description of Documents Requested:

Provide a statement showing the purpose for transferring salary, wages, or other compensation of the participant, or any other individual, by contractual assignment, or any other arrangement, to the entity.

Complete copy of all documents related to all entities involved in the promotion. (If a trust is involved, Section 1.6012-3(a), Treasury Regulations, requires a trustee furnish these documents to the Internal Revenue Service upon request.)

If one of the entities is a trust, a completed and signed Form 56 (copy enclosed) for the current trustee. (Note: Where more than one trustee is appointed under a trust instrument, the names of all trustees should appear on Form 56 and all should sign the consent. One trustee may sign if provided for in the trust instrument.)

ALL INFORMATION SHOULD BE AVAILABLE FOR REVIEW DURING OUR INITIAL APPOINTMENT SCHEDULED FOR TUESDAY, MARCH 23, 2004 AT 10 A.M. TO BE HELD AT THE INTERNAL REVENUE SERVICE'S OFFICE LOCATED AT

250 Morris, Suite # 320
Muskegon, Michigan
49440

Information Due By

Mar. 23, 2004

At Next Appointment



Mail In



Name and Title of Requestor
Paula Cochran
Internal Revenue Agent (ID# 38-00992)

Date:
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Office Location:
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