

IRS**News Release****Media Relations Office****Washington, D.C.****Tel. 202.622.4000****For Release: 11/22/02****Release No: IR-2002-126****IRS SELECTS AMERICAN ARBITRATION ASSOCIATION
TO PREPARE ARBITRATORS' LIST FOR TAX SHELTER CASES**

WASHINGTON – The Internal Revenue Service announced today that it has selected the American Arbitration Association to provide a list of qualified neutrals to serve in Section 351 contingent liability tax shelter cases proceeding to binding arbitration.

In October, the IRS announced various tax shelter settlement offers, one of them involving an arbitration option for settling contingent liability cases. Taxpayers involved in such a shelter have until January 2, 2003, to apply to participate in a resolution method. Application details are in Rev. Proc. 2002-67, which was published in Internal Revenue Bulletin 2002-43 and is available on the IRS Web site at www.irs.gov.

The American Arbitration Association (“AAA”), founded in 1926, is a neutral, non-partisan, not-for-profit public service organization. As one of the nation’s leading authorities on the use of alternative dispute resolution, the AAA maintains a roster of over 9,000 trained and qualified neutrals, and has a long history of working with the federal government. The AAA has established arbitration panels for the Library of Congress and has provided neutrals for the U.S. Air Force, U.S. Olympic Committee, Department of the Interior and National Finance Center. The AAA handles over 100,000 cases annually for government entities at all levels.

In order to prepare the list of qualified neutrals for Rev. Proc. 2002-67 cases, the AAA will identify candidates from its national roster who match objective criteria specified by the IRS. As part of this process, AAA will also screen for conflicts of interests. All candidates will have significant federal income tax experience, and none will be current government employees.

The IRS anticipates that it will select and publish by mid-December a list of approximately 20 neutrals from the list of qualified, potential neutrals provided by AAA. Taxpayers participating in arbitration under the revenue procedure will select an arbitrator for their case from the published list. Taxpayers and the IRS will then split the fees and expenses for whichever arbitrator the taxpayers select.

To learn more about AAA, visit AAA’s Web site at www.adr.org.

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