

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.
Telephone Number:

In Re:

Refer Reply To:
CC:ITA:B06
PLR-124833-02
Date:
December 02, 2008

LEGEND:

Company:

C:

D:

Year 3:

Year 5:

Date 3:

Dear :

This letter constitutes notice that our ruling letter dated November 30, 2005, has been modified to conclude that the escrow accounts established in Year 3 by Company satisfied all three requirements prescribed in section 1.468B-1(c) of the Income Tax Regulations on Date 3. First, Company established the escrow accounts pursuant to written demands for the deposits by the Cs, governmental authorities, and the provisions of D, which require the escrow accounts to be approved and monitored by the Cs. The first C approved the escrow accounts on Date 3. Secondly, the escrow accounts were created in Year 3 to resolve one or more contested or uncontested claims that had given rise to at least one claim asserting liability arising out of a violation

of law. Finally, the assets in the escrow accounts were otherwise segregated from other assets of Company, the transferor, in Year 3.

Therefore, the transfers of funds to the escrow accounts are deductible in Year 5, the taxable year in which the escrow accounts are treated as qualified settlement funds for purposes of section 468B of Internal Revenue Code, and each subsequent date that Company transfers funds to the respective escrow accounts. In this case, transfers of funds to the escrow accounts made prior to Date 3 will be treated as transferred on Date 3, which is the first date on which the escrow accounts are treated as qualified settlement funds.

This modification has been made to reflect the current position of the Internal Revenue Service.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Pursuant to the powers of attorney on file in this office, a copy of this letter will be sent Company's authorized representatives.

Sincerely,

Jeffery G. Mitchell
Branch Chief, Branch 6
Office of Associate Chief Counsel
(Income Tax & Accounting)

Enclosure: Copy for 6110 purposes