

ILLINOIS INDEPENDENT TAX TRIBUNAL

JOHN E. ROGERS and FRANCES L. ROGERS)	
)	
Petitioner,)	
v.)	No. 14 TT 153
)	
ILLINOIS DEPARTMENT OF REVENUE)	Judge Brian F. Barov
)	
Respondent.)	

**MEMORANDUM OF LAW
IN SUPPORT OF DEPARTMENT'S MOTION FOR SUMMARY JUDGMENT**

The Illinois Department of Revenue, (the "Department") by and through Lisa Madigan, Attorney General of and for the State of Illinois, hereby submits its Memorandum of Law in support of its Motion for Summary Judgment.

I. INTRODUCTION

This case concerns the Illinois income tax of John E. Rogers and Frances L. Rogers ("Taxpayer") for the tax year ending December 31, 2002 ("Year at Issue"). Taxpayer timely filed an Illinois income tax original return (Form IL-1040). Taxpayer's federal adjusted gross income for the Year as Issue was adjusted by the IRS as the result of an examination of a partnership indirectly owned by Taxpayer and the agreement regarding the treatment of certain partnership items between that partnership and the IRS. Taxpayer claims that the adjustments to Taxpayer's 2002 federal adjusted gross income are not final and therefore the Department prematurely issued a Notice of Deficiency to Taxpayer.

This case poses two issues: First, whether the IRS assessment is "agreed to or finally determined for federal tax purposes," and if so, whether the Department's Notice of Deficiency correctly determines the amount of Illinois income tax, penalty and interest resulting from that

IRS final assessment¹ (a.k.a. “federal change”). Whether the IRS’s assessment of Taxpayer’s 2002 federal adjusted gross income is agreed to or final is a mixed question of law and fact. However, there are no material facts in dispute in this matter. Therefore, summary judgment is appropriate here. 735 ILCS 5/2-1005.

II. FACTS

1. In 2002, John E. Rogers held a partnership interest in Abingdon Trading, LLC.
See Petition.
2. In 2002, Abingdon Trading, LLC held a partnership interest in Wacker Madison Fund, LLC. See Petition.
3. Pursuant to an examination of Wacker Madison Fund, LLC for the tax year ending December 31, 2002, the IRS made adjustments to the partnership items of Wacker Madison Fund, LLC. Form 886-A attached hereto as Exhibit 3, pg. 6.
4. On June 19, 2008, John E. Rogers executed a Form 870-LT on behalf of Abingdon Trading, LLC, in settlement of the Wacker Madison Fund, LLC partnership item adjustments. Form 870-LT attached hereto as Exhibit 3.
5. On May 25, 2011, the IRS examined the individual income tax account of Taxpayer for the tax year ending December 31, 2002. 2002 IRS Account Transcript and IRS Letter dated May 25, 2011, attached hereto as Exhibit 2.
6. On May 25, 2011, as a result of the IRS examination of Taxpayer’s individual income tax account for the tax year ending December 31, 2002, the IRS assessed additional tax of \$356,006, corresponding to federal adjusted gross income of

¹ The IRS terminology differs slightly from that of the Department. Unlike the IITA, the IRC does not use the term “final assessment.” The IRS uses the term “adjustment” to define examination items that are not yet final. Whereas, the Department uses the terms “adjustment” and “proposed assessment” for non-final assessments. The IRS uses the word “assessment” to refer to an adjusted item that is final. Whereas, the Department uses the terms “final assessment.”

\$1,184,185 and federal taxable income of \$1,123,281. 2002 IRS Account Transcript and IRS Letter dated May 25, 2011, attached hereto as Exhibit 2.

7. Taxpayer's IRS Account Transcript for the tax year ending December 31, 2002, dated September 4, 2014, shows Federal Adjusted Gross Income of \$1,184,185. 2002 IRS Account Transcript and IRS Letter dated May 25, 2011, attached hereto as Exhibit 2.
8. The Department issued a Notice of Deficiency to Taxpayer on June 9, 2014, for the Tax year ending December 31, 2002, for underpayment of Illinois income tax, interest and penalties of \$72,336.86, resulting from a federal change affecting Illinois base income. Notice of Deficiency attached hereto as Exhibit 1.
9. Department has no record of receiving a Form IL-1040-X for Taxpayer for tax year ending December 31, 2002. Notice of Deficiency attached hereto as Exhibit 1.

III. ARGUMENT

A motion for summary judgment is appropriate where the pleadings, affidavits, and other documents on file show that there is no genuine issue as to any material fact on a particular issue and that the moving party is entitled to judgment as a matter of law. 735 ILCS 5/2-1005(c); People ex rel. Dep't of Revenue v. National Liquors Empire, Inc., 157 Ill. App. 3d 434 (4th Dist. 1987). Summary judgment is also appropriate where the parties agree on the facts, but dispute the construction of an applicable statute. Bezan v. Chrysler Motors Corp., 263 Ill. App. 3d 858, 864 (2d Dist. 1994).

The Department issued a Notice of Deficiency to Taxpayer on June 9, 2014, for the Tax year ending December 31, 2002, for underpayment of Illinois income tax resulting from a federal

change. A copy of the Notice is attached hereto as Exhibit 1. Section 506 of the Illinois Income Tax Act (“IITA”) requires a taxpayer to notify the Department by filing an amended return within 120 days after a federal change² “is agreed to or finally determined for federal income tax purposes” 35 ILCS 5/506(b). Department has no record of receiving a Form IL-1040-X for Taxpayer for tax year ending December 31, 2002. Taxpayer asserts that the IRS adjustment to Taxpayer’s Adjusted Gross Income for the tax year ending December 31, 2002 is neither agreed to nor finally determined, and therefore, the Department’s Notice of Deficiency is premature. 35 ILCS 5/506(b); *See* Petition. Department asserts that, as a matter of law, Taxpayer’s 2002 Adjusted Gross Income was agreed to on June 19, 2008, when John E. Rogers executed the Form 870-LT on behalf of Abingdon Trading, LLC, and was finally determined by the IRS on May 25, 2011, when Taxpayer’s account transcript was adjusted.

a. The Account Transcript is sufficient evidence of the finality of the IRS’s assessment to Taxpayer.

Section 506 of the Illinois Income Tax Act (“IITA”) requires a taxpayer to notify the Department of a federal change to Illinois base income by filing an amended return within “120 days after such alteration has been agreed to or finally determined for federal income tax purposes or any federal income tax deficiency or refund, tentative carryback adjustment, abatement or credit resulting therefrom has been assessed or paid, whichever shall first occur.” 35 ILCS 5/506(b) (emphasis added). The Department’s position, as described in its Notice of Deficiency, is that the IRS adjustment to Taxpayer’s 2002 federal adjusted gross income became

² A “federal change” occurs when “ the taxable income, any item of income or deduction, the income tax liability, or any tax credit reported in an original or amended federal income tax return of that person for any year or as determined by the Internal Revenue Service or the courts is altered by amendment of such return or as a result of any other recomputation or redetermination of federal taxable income or loss, and such alteration reflects a change or settlement with respect to any item or items, affecting the computation of such person's net income, net loss, or of any credit provided by Article 2 of this Act for any year under this Act, or in the number of personal exemptions allowable to such person under Section 151 of the Internal Revenue Code” 35 ILCS 5/506(b)(1).

final on May 25, 2011, and Taxpayer failed to notify the Department of the federal change (by filing a Form IL-1040-X) within 120 days after May 25, 2011. Therefore, the Department may issue a Notice of Deficiency at any time. 35 ILCS 5/905(d).³

An Account Transcript is sufficient to show that an IRS assessment is final. Nestor v. C.I.R., 118 T.C. 162, 169 (2002) (" . . . the verification requirement with regard to the existence of an assessment is satisfied if the Appeals officers obtain Forms 4340 or transcripts of account which corroborate the relevant assessment information regarding the taxpayers.") (internal parenthetical omitted); Perez v. C.I.R., T.C. Memo. 2002-274, WL 31427309 (2002) (holding that IRS assessments can be verified by means of an account transcript because it provides the identification of the taxpayer, the character of the liability assessed, the taxable period, and the amount of the assessment – all the information required by Treasury Regulation 301.6203–1).

In the case at bar, Taxpayer's IRS Account Transcript for the tax year ending December 31, 2002 shows the IRS examined the individual income tax account of Taxpayer and assessed additional tax of \$356,006 on May 25, 2011. A copy of the Transcript is attached hereto as Exhibit 2. Taxpayer's IRS Account Transcript for the tax year ending December 31, 2002, dated September 4, 2014, shows Federal Adjusted Gross Income of \$1,184,185 and federal taxable income of \$1,123,281. The Account Transcript is sufficient proof of the finality of the IRS's assessment of Adjusted Gross Income of \$1,184,185 on May 25, 2011. Nestor, 118 T.C. at 169;

³ Section 905(d) of the IITA provides:

(d) Failure to report federal change. If a taxpayer fails to notify the Department in any case where notification is required by Section 304(c) or 506(b), or fails to report a change or correction which is treated in the same manner as if it were a deficiency for federal income tax purposes, a notice of deficiency may be issued (i) at any time or (ii) on or after August 13, 1999, at any time for the taxable year for which the notification is required . . . ; provided, however, that the amount of any proposed assessment set forth in the notice shall be limited to the amount of any deficiency resulting under this Act from the recomputation of the taxpayer's net income, Article 2 credits, or Section 207 loss earned, incurred, or used in the taxable year for which the notification is required after giving effect to the item or items required to be reported. 35 ILCS 5/905(d).

Perez, T.C. Memo. 2002-274. Taxpayer was required to file an amended return (Form IL-1040-X) with the Department within 120 days of May 25, 2011. Taxpayer has not filed a Form IL-1040-X for tax year 2002. Exhibit 1. Therefore, the Department properly issued the Notice of Deficiency. 35 ILCS 5/905(d).

b. The IRS was not required to issue a Notice of Deficiency to Taxpayer; the Form 870-LT Settlement Agreement of the partnership item adjustments to Wacker Madison Fund, LLC is binding on Taxpayer.

The Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”) requires that the IRS determine the tax treatment of any partnership item (and the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item) at the partnership level. 26 U.S.C. § 6221.⁴ Before the enactment of TEFRA, adjustments of partnership items were determined at the individual partner level, resulting in duplication of administrative and judicial resources and inconsistent results between partners. Huff v. Commissioner, 138 T.C. No. 11, p. 10 (March 19, 2012). To resolve this problem Congress enacted TEFRA, which created a single unified procedure for determining the tax treatment of all partnership items. Id. Pursuant to the procedures of TEFRA, assessments for nonpartnership item adjustments are subject to deficiency proceedings, whereas the tax treatment of a partnership item is determined at the partnership level. Id. citing 26 U.S.C. §§ 6221, 6212(a), and 6230(a)(2). An entity falls under the provisions of TEFRA if the entity is required to file a partnership return. Wolf v. Commissioner, T.C. Memo. 1991- 212, aff’d, 4 F.3d 709 (9th Cir. 1993); 26 U.S.C. 6231(a)(1)(A).

⁴ 26 U.S.C. 6223 requires that the IRS provide Notice to the partners of a partnership that has been selected for examination and of any adjustment resulting from the examination. Here, Petitioner John E. Rogers signed the Form 870-LT as the Tax matters Partner. Therefore, Petitioner J. Rogers had actual notice of the IRS’s partnership adjustment.

Under TEFRA, a settlement agreement between the IRS and a partner of the partnership is binding on the partner, including indirect partners⁵ with respect to the determination of partnership items for such partnership taxable year. 26 U.S.C. § 6224(c)(1).

In the case at bar, Wacker Madison Funds, LLC is a TEFRA Partnership because Abingdon Trading, LLC is a partner of Wacker Madison Funds, LLC and both Wacker Madison and Abingdon Trading LLC are required to file a Form 1065. 26 U.S. Code § 6031(a); Wolf v. Commissioner, T.C. Memo. 1991- 212, aff'd, 4 F.3d 709 (9th Cir. 1993); 26 U.S.C. 6231(a)(1)(A); *See also* Publication 541, p. 13. The IRS issued Abingdon Trading, LLC a Form 870-LT⁶ as the result of changes to partnership items of Wacker Madison Funds, LLC partnership. See Form 870-LT attached hereto as Exhibit 3. John E. Rogers executed that Form 870-LT on behalf of Abingdon Trading, LLC on June 19, 2008.⁷ Pursuant to IRC Section 6224(c)(1), the Settlement agreement between Abingdon Trading, LLC, a pass-through partner in Wacker Madison Fund LLC, is binding upon the partners of Abingdon Trading, LLC, including John E. Rogers. 26 U.S.C. § 6224(c)(1); 26 CFR 301.6224(c)-2. By signing the 870-

⁵ An Indirect partner is “a person holding an interest in a partnership through 1 or more pass-thru partners” 26 U.S. Code § 6231(a)(10). A Pass Through Partner is “a partnership, estate, trust, S corporation, nominee, or other similar person through whom other persons hold an interest in the partnership with respect to which proceedings under this subchapter are conducted.” 26 U.S. Code § 6231(a)(10).

⁶ Federal courts hold that a Form 870 constitutes an agreement between the IRS and the taxpayer. In Smith v. U.S., 328 F.3d 760 (5th Cir. 2003), the Fifth Circuit Court of Appeals held that a Form 870 constituted an agreement between the taxpayer and the IRS based on the common law of contracts. Smith v. U.S., 328 F.3d 760, 767 (5th Cir. 2003). The court held that the unsigned Form 870 was an offer by the IRS for settlement and the signing of the Form 870 by the taxpayer was acceptance of that offer. *Id.* The court held that, in consideration for the agreement, the taxpayer gave up its right to file a pre-payment action in Tax Court and the IRS gave up its right to assess higher penalties. *Id.* The Smith court held that the taxpayer consented to the deficiencies agreed to in the Form 870, but taxpayer retained its right to file a refund action in either federal district court or the federal court of claims, but not in Tax Court. *Id.* at 768. In Nichols, the court held that “[a] Form 870 . . . memorializes an agreement that the Commissioner can assess a particular amount of tax.” Nichols v. C.I.R., T.C. Memo. 2007-5, p. 3 (U.S. Tax Ct. 2007).

⁷ A Form 870-LT is not binding until the agreement is “approved by the Secretary, as evidenced by his signature, or the signature of his designee.” 26 U.S. Code § 7121. Because the attached Form 870-LT was received from Taxpayer, and not the IRS, it is signed by the Taxpayer, but not the Secretary. The Department has made a request to the IRS for documents, including the fully executed Form 870-LT. According to a Letter from the IRS to Taxpayer dated July 10, 2012, the 870 Settlement Agreement became final on July 6, 2010. A copy of the Letter is attached as Exhibit 5.

LT, John E. Rogers agreed to “the assessment and collection of any deficiency attributable to partner level determinations. . . .” Exhibit 3, Form 870-LT⁸; 26 U.S.C. § 7121. Because Taxpayer is an indirect partner of Wacker Madison Fund, LLC, the IRS is not required to issue a Notice of Deficiency to Taxpayer to assess Taxpayer with the Wacker Madison Fund, LLC partnership item adjustment. 26 U.S.C. § 6223(a).

In summary, the partnership item adjustments to Wacker Madison Fund, LLC for the tax year ending December on June 19, 2008 31, 2002, agreed to in the Form 870-LT Settlement Agreement entered into by John E. Rogers on behalf of Abingdon Trading, LLC, were binding upon the Taxpayer, an indirect partner of Wacker Madison Fund, LLC. 26 U.S.C. § 6224(c)(1); 26 CFR 301.6224(c)-2. Because the assessment was agreed to and memorialized in a Form 870-LT Settlement Agreement, the right to receive a notice of assessment was waived by both Abingdon Trading, LLC and Taxpayer, an indirect partner of Wacker Madison Fund, LLC. Exhibit 3; 26 U.S.C. § 6224(b); 26 U.S.C. § 7121.

Because Taxpayer, John E. Rogers, executed the Form 870-LT, the federal change alteration to Taxpayer’s individual federal income tax was “agreed to” on June 19, 2008. 35 ILCS 5/506(b). Taxpayer failed to notify the Department of the federal change (by filing a Form IL-1040-X) within 120 days after June 19, 2008. Therefore, the Department may issue a Notice of Deficiency at any time. 35 ILCS 5/905(d).

c. A Taxpayer may challenge only final assessments in an IRS Collection Due Process Hearing.

⁸ The 870 reads: “The undersigned taxpayer(s), in accordance with IRC section 6224(b) and 6213(d), also waive(s) the restrictions provided in IRC sections 6225(a) and 6213(a) and consent(s) to the assessment and collection of any deficiency attributable to partner level determinations, as set forth in the attached Schedule of Adjustments, plus any interest provided by law.”

Taxpayer argues that the IRS assessment of Taxpayer's 2002 Adjusted Gross Income is not final because Taxpayer is pursuing a Collection Due Process Hearing under Section 6330 of the Internal Revenue Code (26 U.S.C. § 6330(b)). However, a Collection Due Process Hearing is only for challenging collection actions of a final assessment, because the IRS may collect only final assessments. 26 U.S.C. § 6502; 26 C.F.R. § 301.6502-1; *See also* IRS Publication 1660; IRS Form 12153. Hence, if a taxpayer is issued a Notice of Intent to Levy or granted a Collection Due Process Hearing, the IRS's assessment must be final. 26 U.S.C. § 6502.

The Department does not dispute that Taxpayer was issued a Notice of Intent to Levy on January 1, 2012, which gave rise to the right to request a Collection Due Process Hearing pursuant to IRC Section 6330(b). See Exhibit 4 attached hereto; 26 U.S.C. § 6330(b). Nor does the Department dispute that Taxpayer requested a Collection Due Process Hearing on or about February 6, 2012. Exhibit 4. Rather, the Department asserts that both the Notice of Intent to Levy and the Taxpayer's claim of an ongoing Collection Due Process Hearing support the legal conclusion that the IRS assessment of additional tax of \$356,006 for the tax year ending December 31, 2002, was final on May 25, 2011. Taxpayer's claims that the assessment is not final but that Taxpayer are exercising their right to a Collection Due Process Hearing are "contrary to established law and unsupported by a reasoned, colorable argument for change in the law." Coleman v. Commissioner, 791 F.2d 68, 71 (7th Cir.1986).

IV. CONCLUSION

For the reasons stated above, the Department requests this Tribunal find that there are no genuine issues of material fact in this case and therefore the Department is entitled to Summary Judgment as a matter of law. Department respectfully requests this Tribunal grant Department's Motion for Summary Judgment.

Respectfully submitted,

Illinois Department of Revenue

By: LISA MADIGAN, Attorney General, State of
Illinois

By: _____

Jennifer Kieffer

Special Assistant Attorney General

Date: December 1, 2014

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ILLINOIS INDEPENDENT TAX TRIBUNAL

JOHN E. ROGERS and FRANCES L. ROGERS)	
)	
Petitioner,)	
v.)	No. 14 TT 153
)	
ILLINOIS DEPARTMENT OF REVENUE)	Judge Brian F. Barov
)	
Respondent.)	

CERTIFICATE OF RECORDS

It is hereby certified under authority provided by the Illinois Compiled Statutes, that the attached documents, records and/or memoranda, offered herein for the purpose of proving the determination of the Department of Revenue which is at issue, are true, correct and exact originals or reproductions of documents, records and/or memoranda made, kept or maintained on file by the Department in the ordinary course of its business.

To the extent such documents or records included herein consist of computer generated data, it is further certified that such information is a true and exact representation of records properly entered into standard electronic computer equipment in the regular course of the Department's business, at or reasonably near the time of occurrence of the facts recorded, from trustworthy and reliable information.



Brian Hamer, Director
Illinois Department of Revenue

Dated: December 1, 2014

Notice of Deficiency

for Form IL-1040, Individual Income Tax Return



June 9, 2014



Letter ID: CNXXX15951316160

#BWNKMGV
#CNXXX159 5131 6160#
JOHN E. and FRANCES L. ROGERS
162 ABINGDON AVE
KENILWORTH IL 60043-1202

Taxpayer ID: XXX-XX-8779
Reporting period: December 2002
Total Deficiency: \$72,336.86
Balance due: \$72,336.86



We have audited your account for the reporting period listed above. The attached statement explains the computation of your deficiency and the balance due. **Illinois law requires that we notify you of this deficiency and your rights.**

If you agree to this deficiency, pay the total balance due as soon as possible to minimize penalty and interest assessed. Make your check payable to "Illinois Department of Revenue," write your Social Security number on your check, and mail a copy of this notice along with your payment.

If you do not agree, you may contest this notice by following the instructions listed below.

- **If the amount of this tax deficiency, exclusive of penalty and interest is more than \$15,000, or if no tax deficiency is assessed but the total penalties and interest is more than \$15,000**, file a petition with the Illinois Independent Tax Tribunal within **60 days** of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, *et seq.*).
- **In all other cases**, file a protest with us, the Illinois Department of Revenue, within **60 days** of this notice. If you file a protest on time, we must reconsider the proposed deficiency, and if requested, grant you or your authorized representative an administrative hearing. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. Submit your protest on Form EAR-14, **Format for Filing a Protest for Income Tax**, (available on our website at tax.illinois.gov). If we do not receive your protest within **60 days**, this deficiency will become final. A protest of this notice does not preserve your rights under any other notice.
- **In any case**, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total deficiency under protest using Form RR-374, **Notice of Payment Under Protest** (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the balance due in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action.

If you have questions, call us at the telephone number shown below.

Sincerely,

Brian Hamer
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012

(217) 558-4960

Statement

Date: June 9, 2014
Name: JOHN ROGERS
Taxpayer ID: XXX-XX-8779
Letter ID: CNXXX15951316160

Reasons for deficiency

We obtained information from the Internal Revenue Service under authorization of the Internal Revenue Code, Section 6103(d). We determined that you did not timely notify us of a final federal change (e.g., RAR, federal amended return). [35 ILCS 5/506(a), (b)]

If this liability qualified for amnesty, and you did not pay that liability during the amnesty period held October 1, 2010, through November 8, 2010, your penalty and interest amounts may be doubled. [86 Ill. Admin. Code 520/101(b)]

Penalties

Interest

Interest on tax in the amount of \$37,153.86 has been computed through June 9, 2014.

Statement

Date: June 9, 2014
Name: JOHN ROGERS
Taxpayer ID: XXX-XX-8779
Letter ID: CNXXX15951316160

Computation of deficiency

Reporting Period: 31-Dec-2002

Adjusted gross income	\$1,184,185.00
Plus additions	
Federally tax-exempt interest income	\$1.00
Minus subtractions	
Social Security / retirement benefits	-\$4,867.00
IL income tax overpayment	-\$2,554.00
Base income	\$1,176,765.00
Minus exemptions	-\$4,000.00
Net income	\$1,172,765.00
Tax amount	\$35,183.00
Total Tax (After Recapture of Investment Credits)	\$35,183.00
Tax Due	\$32,417.00
Plus interest on tax through June 9, 2014	\$37,153.86

Total deficiency * \$72,336.86
If you intend to pay under protest, you must pay this total deficiency amount.

Computation of balance due

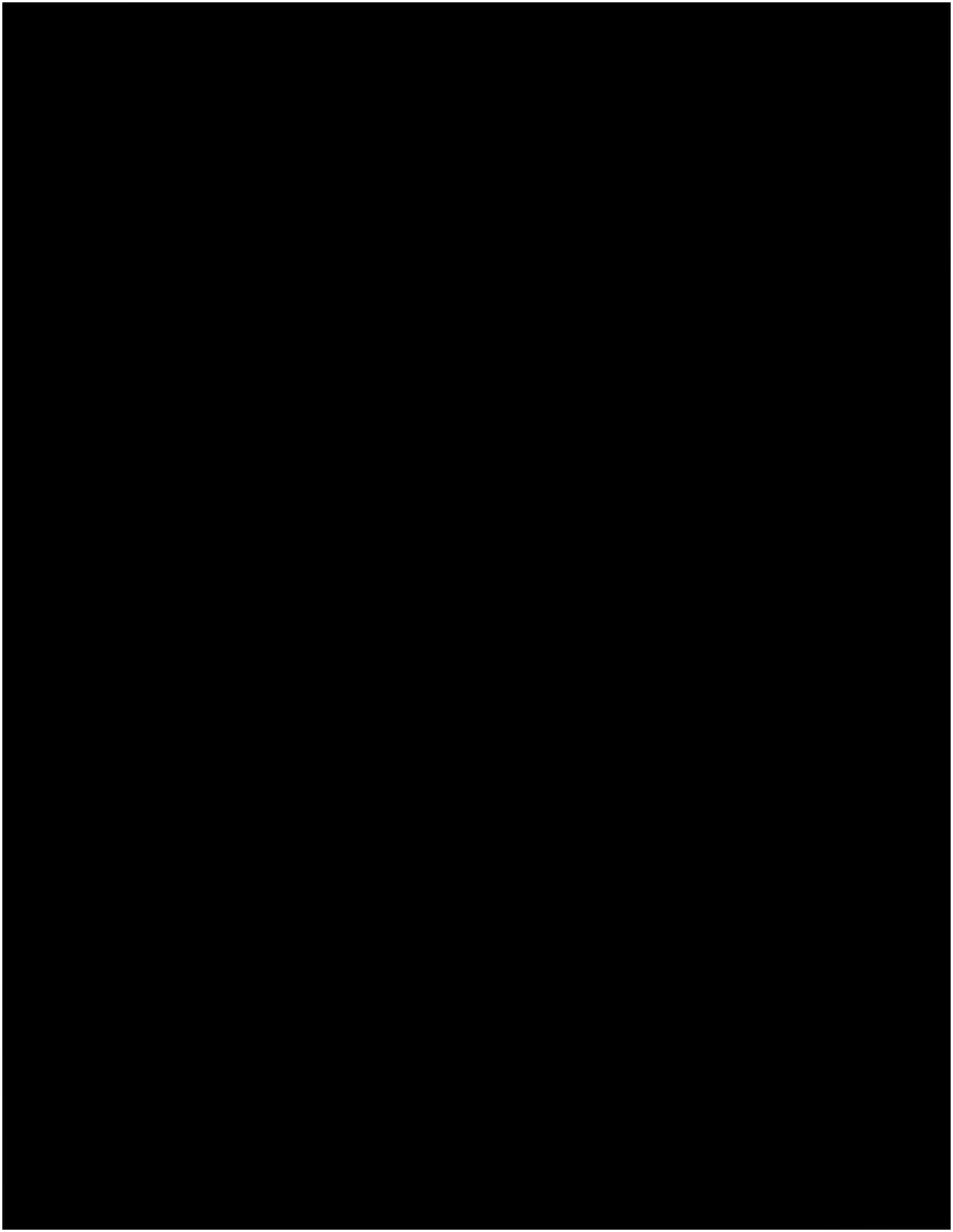
Deficiency (this notice)	\$72,336.86
Minus IL income tax withheld	-\$2,766.00
Refunds	\$2,766.00
Balance due	* \$72,336.86

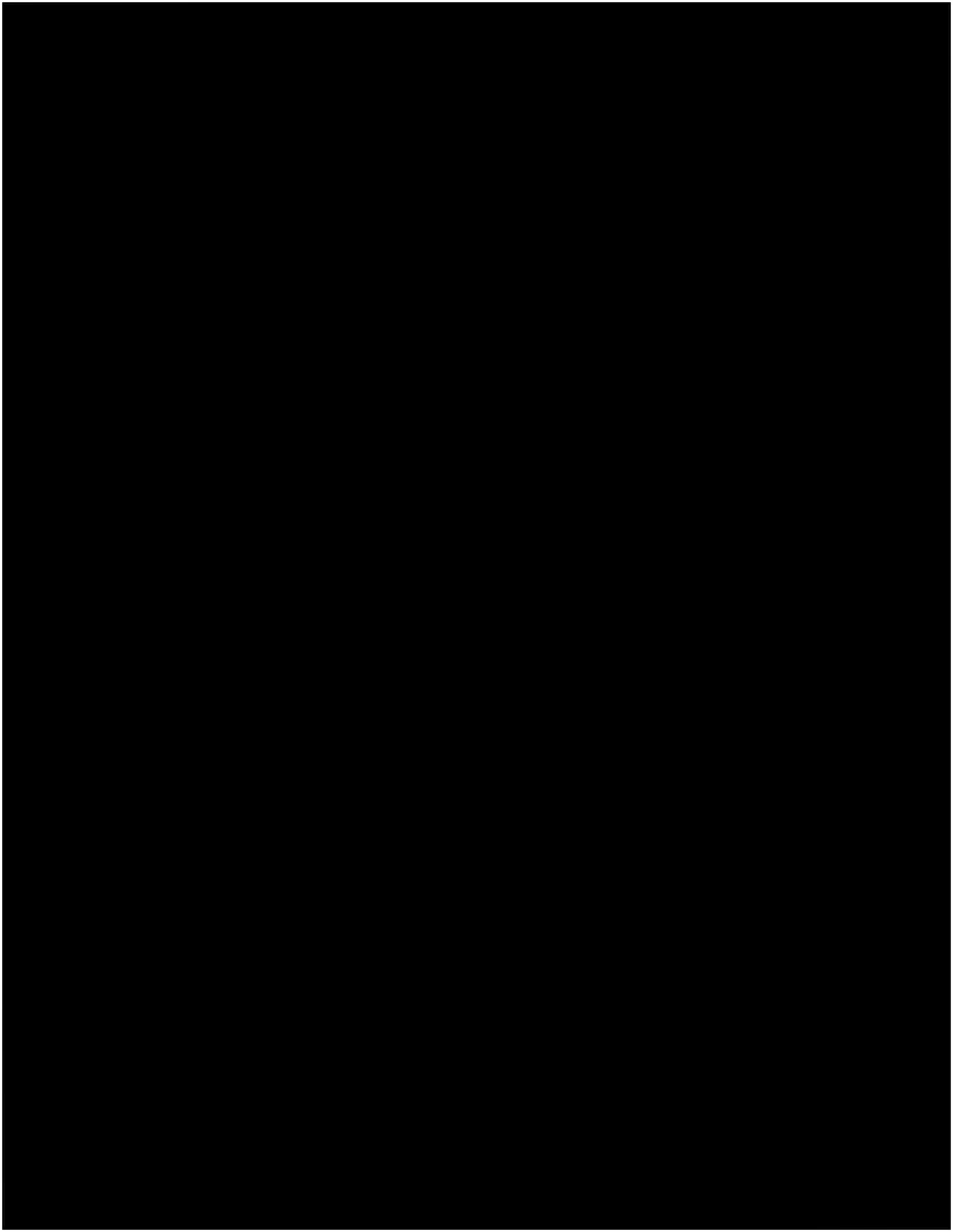
Bankruptcy Information

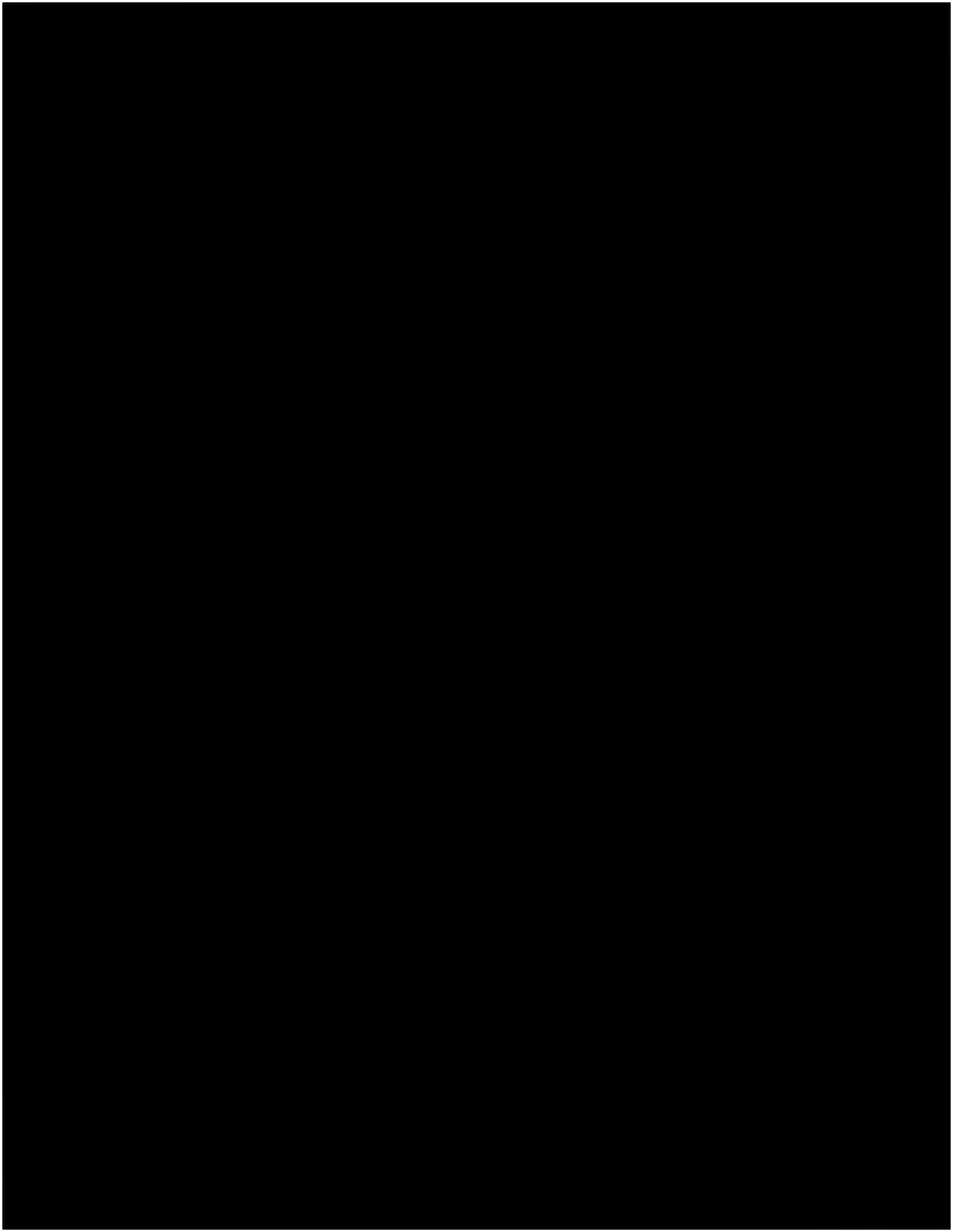
If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns.

Taxpayer Bill of Rights

- You have the right to call the Department of Revenue for help in resolving tax problems.
- You have the right to privacy and confidentiality under most tax laws.
- You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.
- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.
- If you have overpaid your taxes, you have the right to a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other Department procedures, you may contact us. Our contact information is on the front of this notice.







Department of the Treasury
Internal Revenue Service
PO Box 630
Holtsville NY 11742

Mall Stop:
833-4
Person to Contact:
Kim Lobalsamo

PC 0013 EGC 5823
Employee Identification Number:
0178338012
Telephone Number:
831-447-4382
Hours:
5:00PM - 11:00PM
Time Zone:
EST
Day(s) of the Week:
Monday - Friday
Taxpayer Identification Number:
-3778
Tax Year Ended:
December 31, 2002

Date: May 27, 2011

John E & Frances L Rogers
162 Abingdon Ave
Kenilworth IL 60043-1202

Dear John E & Frances L Rogers:

Enclosed is Form 4549-A explaining how the adjustments made during our examination of the above return affect your individual income tax return. The Form 4549-A does not require any signatures and should not be returned to us, but should be kept for your records.

If you owe additional tax, you will receive a bill for the additional tax and interest. If penalties are applicable because of the adjustments made during our examination, a separate report will be mailed to you. If you are due a refund, it will be sent to you within 6 to 8 weeks.

If you have any questions about this matter, please write to the person whose name is shown at the top of this letter, or you may call that person at the telephone number shown.

If you prefer, you may call the IRS telephone number listed in your local directory. An employee there may be able to help you, but the office at the address shown on this letter is most familiar with your case.

If you write to us, please provide your telephone number and the most convenient time for us to call you in case we need more information. Attach this letter to any correspondence to help us identify your case. Keep the copy for your records.

Thank you for your cooperation.

Sincerely yours,

Patricia J. DeMaio

Patricia J DeMaio
Exam Field Support Operation Manager

Enclosure:
Form 4549-A
Copy of this letter

Letter 2083 (SC) (Rev. 3-1986)
Catalog Number 63342P

Department of the Treasury-Internal Revenue Service
Income Tax Discrepancy Adjustments

Name and Address of Taxpayer

John E & Frances L Rogers
162 Abingdon Ave
Kenilworth IL 60043-1202

Taxpayer Identification Number
- 8779

Return Form No.:
1040

Person with whom
examination
changes were
discussed.

Name and Title:

		Period End 12/31/2002	Period End	Period End
1. Adjustments to Income				
a.	Interest Income	(384.00)		
b.	Ordinary income (loss)	1,210,074.00		
c.	Itemized Deductions	41,649.00		
d.	Exemptions	6,000.00		
e.				
f.				
g.				
h.				
i.				
j.				
k.				
l.				
m.				
n.				
o.				
p.				
2. Total Adjustments		1,257,339.00		
3. Taxable Income Per Return or as Previously Adjusted		(134,058.00)		
4. Corrected Taxable Income		1,123,281.00		
Tax Method		SCHEDULE D		
Filing Status		Joint		
5. Tax		356,006.00		
6. Additional Taxes / Alternative Minimum				
7. Corrected Tax Liability		356,006.00		
8. Less				
a.	Credits			
b.				
c.				
d.				
9. Balance (Line 7 less total of Lines 8a thru 8d)		356,006.00		
10. Plus				
a.	Self Employment Tax	5,061.00		
b.	Other			
c.	Taxes			
d.				
11. Total Corrected Tax Liability (Line 9 plus Lines 10a thru 10d)		361,067.00		
12. Total Tax Shown on Return or as Previously Adjusted		5,061.00		
13. Adjustments to:				
a.				
b.				
c.				
14. Deficiency-Increase in Tax or (Overassessment - Decrease in Tax) (Line 11 less Line 12 adjusted by Lines 13a through 13c)		356,006.00		
15. Adjustments to Prepayment Credits-Increase (Decrease)				
16. Balance Due or (Overpayment) - (Line 14 adjusted by Line 15) (Excluding interest and penalties)		356,006.00		

Name of Taxpayer
John E & Frances L Rogers

Taxpayer Identification Number
- 8779

Return Form No.:
1040

17. Penalties/ Code Sections	Period End 12/31/2002	Period End	Period End
a. Accuracy-IRC 6662	35,600.60		
b.			
c.			
d.			
e.			
f.			
g.			
h.			
i.			
j.			
k.			
l.			
m.			
n.			
18. Total Penalties	35,600.60		
Underpayment attributable to negligence: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underpayment attributable to fraud: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underpayment attributable to Tax Motivated Transactions (TMT). Interest will accrue and be assessed at 120% of underpayment rate in accordance with IRC 6621(c).	0.00		
19. Summary of Taxes, Penalties and Interest:			
a. Balance due or (Overpayment) Taxes - (Line 18, Page 1)	356,006.00		
b. Penalties (Line 18) - computed to 05/25/2011	35,600.60		
c. Interest (IRC § 6601) - computed to 06/24/2011	0.00		
d. TMT Interest - computed to 06/24/2011 (on TMT underpayment)	0.00		
e. Amount due or refund - (sum of Lines a, b, c and d)	391,606.60		

Other Information:

IRC 6662 Accuracy Penalty Gross Valuation Misstatement at 10% applies.

If you require further information please contact your Tax Matters Partner.

Examiner's Signature: Name K. Lobalsamo	Employee ID: 0178338012	Office: Brookhaven	Date: 05/25/2011
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The Internal Revenue Service has agreements with state tax agencies under which information about federal tax, including increases or decreases, is exchanged with the states. If this change affects the amount of your state income tax, you should amend your state return by filing the necessary forms.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income you earned and do not pay the required tax. The IRS may order backup withholding (withholding of a percentage of your dividend and/or interest payments) if the tax remains unpaid after it has been assessed and four notices have been issued to you over a 120-day period.

Name of Taxpayer	John E & Frances L Rogers	05/25/2011
Identification Number:	-8779	Total 12.00.00

2002 - Form 8251 - Alternative Minimum Tax Computation

1. If filing Schedule A enter tax table income, otherwise adjusted gross income	1,123,281.00
2. Total adjustment and preferences	(15,318.00)
3. Net operating loss deduction	0.00
4. Alternative tax net operating loss deduction	0.00
5. Alternative minimum taxable income (combine lines 1 thru 4)	1,107,963.00
6. Exemption amount	0.00
7. Subtract line 6 from line 5 (if 0 or less, enter 0)	1,107,963.00
8. If capital gains are reported, see line 22 from page 2	285,938.00
All others:	
If line 7 is \$175,000 or less (\$87,500 if MFS) multiply line 7 by 26%. Otherwise, multiply line 7 by 28% and subtract \$3,500 (\$1,750 if MFS) from result	
9. Alternative minimum tax foreign tax credit	0.00
10. Tentative minimum tax. Subtract line 9 from line 8	285,938.00
11. Regular tax before credits	356,006.00
12. Alternative minimum tax	0.00

Exemption Worksheet (Line 6)

A. Exemption amount based on filing status	49,000.00
B. Alternative minimum taxable income	1,107,963.00
C. Enter \$112,500 (\$150,000 if married filing jointly or qualifying widow(er), \$75,000 if married filing separate)	150,000.00
D. Subtract line C from Line B	957,963.00
E. Multiply line D by 25%	239,491.00
F. Subtract line E from line A (if zero or less, enter 0)	0.00

Name of Taxpayer: John E & Frances L Rogers
Identification Number: -8779

05/25/2011
12.00.00

Total

**2002 - Form 6251 - Continuation, using Maximum Capital Gain Rates,
Computation of Line 10 when Schedule D is completed**

1. Amount from Form 6251 report, line 9	1,107,963.00
2. Amount from Schedule D line 18, or line 9 from worksheet (refigured for AMT)	259,891.00
3. Amount from Schedule D report, line 14 (refigured for AMT)	0.00
4. Amount from line 2 if no Schedule D worksheet otherwise, the smaller of the sum of 2 or 3 or Schedule D worksheet line 4.	259,891.00 259,891.00
5. Smaller of line 1 or line 4	848,072.00
6. Subtract line 5 from line 1	233,960.00
7. If line 6 is \$175,000 or less (\$87,500 if MFS) multiply line 6 by 26%. Otherwise, multiply line 6 by 28% and subtract \$3,500 (\$1,750 if MFS) from result	0.00
8. Amount from Schedule D report, line 23 (refigured for AMT)	259,891.00
9. Smallest of line 1 or line 2	0.00
10. Smallest of line 8 or line 9 (not less than zero)	0.00
11. Qualified 5-year gain from Schedule D report, line 24 (refigured for AMT)	0.00
12. Smaller of line 10 or line 11	0.00
13. Multiply line 12 by 8%	0.00
14. Subtract line 12 from line 10	0.00
15. Multiply line 14 by 10%	0.00
16. Subtract line 10 from line 9	259,891.00
17. Multiply line 16 by 20%	51,978.00
18. Subtract line 9 from line 5	0.00
19. Multiply line 18 by 25%	0.00
20. Total of lines 7, 13, 15, 17, and 19	285,938.00
21. If line 1 is \$175,000 or less (\$87,500 if MFS) multiply line 1 by 26%. Otherwise, multiply line 1 by 28% and subtract \$3,500 (\$1,750 if MFS) from result	306,730.00
22. Smaller of line 20 or 21, enter here and on line 10 of Form 6251 report	285,938.00

Name Of Taxpayer:	John E & Frances L Rogers		05/25/2011
Identification Number:	1-8779	Total	12.00.00

2002 - PERSONAL EXEMPTION WORKSHEET

1. Multiply \$ 3,000.00 by the total number of exemptions claimed on Form 1040, line 6e	6,000.00
2. Adjusted Gross Income	1,184,185.00
3. Limitation based on Filing Status	206,000.00
4. Subtract line 3 from line 2	978,185.00
5. Divide line 4 by \$2,500 (\$1,250 if married filing separate)	0.00
6. Multiply line 5 by 2% and enter the result as a decimal	0.00
7. Multiply line 1 by line 6	0.00
8. Deduction for exemptions (Subtract line 7 from line 1)	0.00

Note: If Line 4 is more than \$122,500. or (\$61,250. if married filing separately), a deduction for exemptions cannot be taken.

Taxpayer: John F. & Frances L. Rogers
 TIN: -8779

Page of
 Tax Period(s): 200212

Accuracy-Related Penalties under IRC 6662

20 Percent Penalty – Internal Revenue Code Section 6662(a)

It has been determined that the underpayment of tax shown on line 7 below is attributable to one or more of the following:

- (1) Negligence or disregard of rules or regulations;
- (2) Substantial understatement of income tax;
- (3) Substantial valuation misstatement (overstatement).

Therefore, an addition to tax is imposed as provided by Section 6662(a) of the Internal Revenue Code.

1. Total Underpayment	356,006.00
2. Less: Underpayment attributable to non-penalty issues	0.00
3. Less: Underpayment attributable to Section 6662A penalty issues	0.00
4. Less: Underpayment attributable to Section 6662(h) penalty issues	0.00
5. Less: Underpayment attributable to civil fraud penalty issues	0.00
6. Less: Allocable prepayment credits	0.00
7. Underpayment to which Section 6662(a) applies (Line 1 less the sum of lines 2, 3, 4, 5, and 6)	356,006.00
8. Applicable penalty rate	10.00%
9. Section 6662(a) accuracy-related penalty (Line 7 times line 8)	35,600.60
10. Less: Previously assessed/previously agreed Section 6662(a) accuracy-related penalty	0.00
11. Total section 6662(a) accuracy-related penalty (Line 9 less line 10)	35,600.60

40 Percent Penalty – Internal Revenue Code Section 6662(h)

It has been determined that the underpayment of tax shown on line 7 below is attributable to a gross valuation misstatement (overstatement). Therefore, an addition to tax is imposed as provided by Section 6662(h) of the Internal Revenue Code.

1. Total Underpayment	356,006.00
2. Less: Underpayment attributable to non-penalty issues	0.00
3. Less: Underpayment attributable to Section 6662A penalty issues	0.00
4. Less: Underpayment attributable to Section 6662(a) penalty issues	356,006.00
5. Less: Underpayment attributable to civil fraud penalty issues	0.00
6. Less: Allocable prepayment credits	0.00
7. Underpayment to which Section 6662(h) applies (Line 1 less the sum of lines 2, 3, 4, 5, and 6)	0.00
8. Applicable penalty rate	40.00%
9. Section 6662(h) accuracy-related penalty (Line 7 times line 8)	0.00
10. Less: Previously assessed/previously agreed Section 6662(h) accuracy-related penalty	0.00
11. Total section 6662(h) accuracy-related penalty (Line 9 less line 10)	0.00

Name Of Taxpayer: John E & Frances L Rogers 05/25/2011
Identification Number: -8779 Total 12.00.00

2002 - Adjustments Subject to Accuracy-Related Penalty - IRC 6662

ADJUSTMENTS TO WHICH THE ACCURACY RELATED PENALTY APPLIES:
PENALTY RATES
10% 40%

Ordinary income (loss)	X	1,210,074.00	IRC 6662(e)
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Name Of Taxpayer: John F. & Frances L Rogers
Identification Number: -8779

Total

05/25/2011
12.00.00

2002 - SCHEDULE A - ITEMIZED DEDUCTIONS

	PER RETURN	PER EXAM	ADJUSTMENT
1. Medical, dental and insurance premiums	8,439.00	8,439.00	0.00
2. 7.50% of Adjusted Gross Income	0.00	88,814.00	
3. Net Medical and Dental Expense	8,439.00	0.00	8,439.00
4. Taxes	18,643.00	18,643.00	0.00
5. Home Interest Expense	28,594.00	28,594.00	0.00
6. Investment Interest	45,074.00	45,074.00	0.00
7. Other Interest Expense	0.00	0.00	0.00
8. Total Interest Expense	73,668.00	73,668.00	0.00
9. Contributions	0.00	0.00	0.00
10. Casualty and theft Losses	0.00	0.00	0.00
11. Miscellaneous deductions subject to AGI limit	1,803.00	1,803.00	0.00
12. 2.00% of Adjusted Gross Income	0.00	23,684.00	
13. Excess Miscellaneous deductions	1,803.00	0.00	1,803.00
14. Other Miscellaneous deductions	0.00	0.00	0.00
15. Total itemized deductions (Sum of Lines 3, 4, 8, 9, 10, 13, and 14 less any applicable limitation)	102,553.00	60,904.00	41,649.00

ITEMIZED DEDUCTIONS WORKSHEET - PER EXAM

A. Total of lines 3, 4, 8, 9, 10, 13, and 14	92,311.00
B. Total of lines 3, 6, 10, (plus any gambling losses included on line 14)	45,074.00
C. Line A less Line B	47,237.00
D. Multiply the amount on line C by 80%	37,790.00
E. Adjusted Gross Income from Form 1040	1,184,185.00
F. Itemized Deduction Limitation	137,300.00
G. Line E less Line F	1,046,885.00
H. Multiply the amount on Line G by 3%	31,407.00
I. Enter the smaller of Line D or Line H	31,407.00
J. Total Itemized Deductions (entered on line 15 above)	60,904.00

Name of Taxpayer:	John E & Frances L Rogers	05/25/2011
Identification Number:	-8779	Total 12.00.00

2002 - SCHEDULE D - CAPITAL GAINS AND LOSSES

1. Short-term capital gain or loss	3,609.00
2. Short-term capital loss carryover	0.00
3. Net Short-term Gain or Loss (Add line 1 and 2)	3,609.00
4. Long-term capital gain or loss	259,891.00
5. Long-term capital gain or loss carryover	0.00
6. Net long-term Gain or Loss (Add line 4 and 5)	259,891.00
7. Sum of lines 3 and 6 - Net Capital Gain or Loss	263,500.00
8. Capital loss limitation	0.00
9. Capital Gain or Loss - As Corrected	263,500.00
10. Capital Gain or Loss - Per Return	263,500.00
11. Line 9 less line 10 - Adjustment to Income	0.00

CORRECTED CARRYOVER

12. Short-term Carryover to Subsequent Year	0.00
13. Long-term Carryover to Subsequent Year	0.00

COMPUTATION OF ALTERNATIVE TAX

14. Unrecaptured 1250 gain	0.00
15. Taxable Income	1,123,281.00
16. Smaller of line 6 or line 7	259,891.00
17. Form 4952, line 4e	0.00
18. Subtract line 17 from line 16 (not less than 0)	259,891.00
19. Subtract line 18 from line 15 (not less than 0)	863,390.00
20. Tax on the amount on line 19	304,028.00
21. Smaller of line 15 or 46,700.00	46,700.00
22. Amount from line 19	863,390.00
23. Subtract line 22 from line 21 (not less than 0)	0.00
24. Qualified 5-year gain	0.00
25. Smaller of line 23 or line 24	0.00
26. Multiply line 25 by 8%	0.00
27. Subtract line 25 from line 23	0.00
28. Multiply line 27 by 10%	0.00
29. Smaller of line 15 or line 18	259,891.00
30. Amount from line 23	0.00
31. Subtract line 30 from line 29 (not less than 0)	259,891.00
32. Multiply line 31 by 20%	51,978.00
33. Alternative Tax, sum of lines 20, 26, 28, and 32	356,006.00

Form 886-A (Rev. January 1994)886-A	EXPLANATION OF ITEMS		Schedule number or exhibit
Name of Taxpayer	Taxpayer Identification Number	Year/Period Ended	
John E & Frances L Rogers	-8779	2002	

Interest Income

Tax Period	Per Return	Per Exam	Adjustment
2002	\$384.00	\$0.00	(\$384.00)

We have adjusted your return in accordance with the examination results for Abingdon Trading, LLC. The examination results are based on the settlement agreement, Form 870-LT and the Schedule of Adjusted Items.

Ordinary income (loss)

Tax Period	Per Return	Per Exam	Adjustment
2002	(\$495,285.00)	\$714,789.00	\$1,210,074.00

We have adjusted your return in accordance with the examination results for Abingdon Trading, LLC/36-4480698. The examination results are based on the settlement agreement, Form 870-LT and the Schedule of Adjusted Items.

Statutory-Itemized Deductions

Tax Period	Per Return	Per Exam	Adjustment
2002	\$102,553.00	\$60,904.00	\$41,649.00

Only the amount of medical expenses that exceeds a certain percentage of your adjusted gross income is deductible. Since your adjusted gross income has been changed, we have adjusted your medical expense deduction as shown in the accompanying computation.

Certain expenses deducted as miscellaneous itemized deductions are only deductible to the extent that they exceed a percentage of your adjusted gross income. Since we have made other changes in this report which affect your adjusted gross income, we have also adjusted these expenses.

Form 870-LT(AD) (Rev. 4/2007) For taxable years ending after August 5, 1997	Department of the Treasury - Internal Revenue Service Settlement Agreement for Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts and Agreement for Affected Items	IN REPLY REFER TO AP:FW:IL:CHI:AN
Taxpayer(s) name(s), address, & zip code: Abingdon Trading, LLC Attn: John Rodgers, Esq. <i>53 W. Monroe</i> 131 South Dearborn St, Suite 2400 Chicago, IL 60603	Name of Partnership: WACKER MADISON FUND, LLC EIN: 36-4456774	Tax Year(s) Ended: 200212
SSN/EIN: 36-4480698	Name of Tax Matters Partner: Jonathan E Kahn, President, KB Trading, Inc.	

Part I: Offer of Settlement of Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts, and Waiver of Restrictions on Assessment for Partnership Items, Penalties, Additions to Tax, and Additional Amounts

Under the provisions of sections 6224(c) and 7121 of the Internal Revenue Code (IRC), the Commissioner of the Internal Revenue Service and the undersigned taxpayer(s) agree to the determination of partnership items and partnership level determinations as to penalties, additions to tax, and additional amounts that relate to adjustments to partnership items as shown on the attached Schedule of Adjustments.

The undersigned taxpayer(s), in accordance with IRC sections 6224(b) and 6213(d), also waive(s) the restrictions provided in IRC sections 6225(a) and 6213(a) and consent(s) to the assessment and collection of any deficiency attributable to partnership items, penalties, additions to tax, and additional amounts that relate to adjustments to partnership items, as set forth in the attached Schedule of Adjustments (plus any interest provided by law). IRC Section 6651 failure to file penalty applies to any late filed (or non-filed) returns that are required to report the partnership item adjustments.

This is a binding settlement only if you sign this form and return it to us and we sign on behalf of the Commissioner. When we sign the agreement form, the one-year extension of the period of limitations on assessments will begin under IRC section 6229(f). If this is a partial agreement, the period of limitations for assessing any tax attributable to the settled items shall be determined as if this agreement had not been entered into.

If Part I of this agreement form is signed for the Commissioner, the treatment of partnership items and partnership level determinations as to penalties, additions to tax and additional amounts that relate to adjustments to partnership items under this agreement will not be reopened in absence of fraud, malfeasance, or misrepresentation of fact. In addition, no claim for an adjustment of partnership items or for a refund or credit based on any change in the treatment of partnership items or partnership level determinations as to penalties, additions to tax, and additional amounts may be filed or prosecuted.

Signature of Taxpayer <i>Abingdon Trading, LLC</i>	Date Signed	Phone Number
Signature of Taxpayer:	Date Signed	Phone Number
By (Signature and Title) <i>John E. Rogers, TmP</i>	Date Signed 6-19-08	Phone Number 312-376-1910
For Internal Revenue Use Only	Date accepted for Commissioner:	Signature
	Office Chicago	Title Appeals Team Manager

(See Instructions for Signing Agreement - Page 3)

Part II: Offer of Settlement of Affected Items and Waiver of Restrictions on Assessment

Under the provisions of sections 6224(c) and 7121 of the Internal Revenue Code (IRC), the Commissioner of the Internal Revenue Service and the undersigned taxpayer(s) agree to the determination of partner level determinations (affected items) as shown on the attached Schedule of Adjustments.

The undersigned taxpayer(s), in accordance with IRC sections 6224(b) and 6213(d), also waive(s) the restrictions provided in IRC sections 6225(a) and 6213(a) and consent(s) to the assessment and collection of any deficiency attributable to partner level determinations, as set forth in the attached Schedule of Adjustments, plus any interest provided by law.

This is a binding settlement only if you sign this form, return it to us and we sign on behalf of the Commissioner. When we sign the agreement form, the one year extension of the period of limitations on assessment will begin under IRC section 6229(f). If this is a partial agreement, the period of limitations for assessing any tax attributable to the settled items shall be determined as if this agreement had not been entered into.

If Part II of this agreement form is signed for the Commissioner, the treatment under this agreement of the specified affected items and the partner level determinations as to penalties, additions to tax and additional amounts that relate to adjustments to partnership items will not be reopened in absence of fraud, malfeasance, or misrepresentation of fact. In addition, no claim for an adjustment of affected items or partner level determinations as to penalties, additions to tax and additional amounts or for a refund or credit based on any change in the treatment of these affected items or partner level determinations as to penalties, additions to tax and additional amounts may be filed or prosecuted.

This agreement with respect to affected items and partner level determinations as to penalties, additions to tax and additional amounts is not subject to a request for consistent settlement terms pursuant to IRC section 6224(c)(2).

Signature of Taxpayer		Date Signed	Phone Number
<i>Abingdon Trading, LLC</i>			
Signature of Taxpayer		Date Signed	Phone Number
By (Signature and title)		Date Signed	Phone Number
<i>John Gloger, TMR</i>		<i>6-19-08</i>	<i>312-376-1910</i>
For Internal Revenue Use Only	Date accepted for Commissioner:	Signature	
	Office Chicago	Title Appeals Team Manager	

(See Instructions for Signing Agreement - Page 3)

INSTRUCTIONS FOR SIGNING FORM 870-LT(AD)

1. Sign Part I (Offer of Settlement of Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts and Waiver of Restrictions on Assessment for Partnership Items, Penalties, Additions to Tax, and Additional Amounts) of Form 870-LT(AD) to settle the partnership items and partnership level determinations as to penalties, additions to tax, and additional amounts, if any, as shown on the attached Schedule of Adjustments.

2. Sign Part II (Offer of Settlement of Affected Items and Waiver of Restrictions on Assessment) of Form 870-LT(AD) to settle the items that require partner level determinations (affected items, including penalties, additions to tax, and additional amounts, if any). These items are also shown on the attached Schedule of Adjustments.

If you sign Part I, but don't sign Part II, we will mail you one of the following:

- An affected item report, including penalties, additions to tax, and additional amounts, if any, showing the adjustments to your return. You can agree to the affected items at that time or request further Appeals consideration. The report will explain how to do this.
- A notice of deficiency for the affected items other than penalties, additions to tax, and additional amounts. The notice will tell you how to file a petition with the United States Tax Court to dispute the deficiency attributable to the affected items other than penalties, additions to tax, and additional amounts. Penalties, additions to tax, and additional amounts, if any, will be assessed. You must then pay the tax and penalties before you may file a claim for refund to raise any partner level defenses per IRC section 6230(c)(1).

The execution and filing of this offer will expedite the adjustment of tax liability.

3. Your agreement to the corrected partnership items in Part I of Form 870-LT(AD) will remain in effect, whether or not you sign Part II of this form.

4. If a JOINT RETURN OF A HUSBAND AND WIFE was filed and both spouses intend to agree, both spouses should sign Form 870-LT(AD). One spouse may sign as agent for the other if acting under a power of attorney, which, if not previously filed, must accompany this form. The IRS may accept the signature of only one spouse at its discretion. However, the agreement will only be binding on the signing spouse.

5. If the taxpayer is a corporation, the agreement must be signed with the corporate name followed by the signature and title of the officer authorized to sign Form 870-LT(AD).

6. Your attorney or agent may sign either part of the form for you if this action is specifically authorized by a power of attorney, which if not previously filed, must accompany this form.

7. If this offer is signed by a trust, the agreement must be signed with the trust name, followed by the signature and title of the person authorized to sign on behalf of the trust.

8. For a partner who is a member of a consolidated group and the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning before June 28, 2002, the agreement should be signed by a currently authorized officer of the corporation who was the common parent corporation of the consolidated group for the relevant consolidated return year(s). The common parent corporation signs the agreement in its own name. The signature and title of a current officer of the common parent corporation, who is authorized to bind the common parent corporation, should be displayed in the signature block. See Treas. Reg. § 1.1502-77A(a). However, if the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning on or after June 28, 2002, then a currently authorized officer of the subsidiary corporation should sign the agreement and should do so in the name of the subsidiary corporation. See Treas. Reg. § 1.1502-77(a)(3)(iii). The signature and title of a current officer of the subsidiary corporation, who is authorized to bind the corporation, should be displayed in the signature block.

For a partner who is the common parent corporation of a consolidated group and the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning before, on or after June 28, 2002, a currently authorized officer of the corporation who was the common parent corporation of the consolidated group for such consolidated return year(s) should sign the agreement in the name of the common parent corporation. See Treas. Reg. § 1.1502-77(a).

9. If the Tax Matters Partner signs this offer, please include the title with the signature.

10. If the Tax Matters Partner is a subsidiary corporation in a consolidated group and the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning before June 28, 2002, then a currently authorized officer of the corporation who was the common parent corporation of the consolidated group for such consolidated return year should sign the agreement on behalf of the Tax Matters Partner. The signature and title of a current officer of the common parent corporation, who is authorized to bind the common parent corporation, should be displayed in the signature block. See Treas. Reg. § 1.1502-77A(a). An authorized officer for the subsidiary corporation should also sign if it, as the Tax Matters Partner, is binding non-notice partners under the agreement. However, if the agreement is for partnership year(s) ending on or before the last day of a consolidated return year beginning on or after June 28, 2002, then a currently authorized officer of the subsidiary corporation should sign the agreement in the name of the subsidiary corporation. See Treas. Reg. § 1.1502-77(a)(3)(v).

NOTE: The submission of this offer by you and the acceptance of the offer for the Commissioner may result in an additional tax liability to you plus interest as provided by law. If the result is a decrease in tax, the amount of the decrease will be sent to you with interest as provided by law.

Department of the Treasury - Internal Revenue Service
 Settlement Agreement For Partnership Items and Partnership Level
 Determinations as to Penalties, Additions to Tax and Additional
 Amounts, and Agreement for Affected Items

SCHEDULE OF ADJUSTMENTS

Name of Partnership WACKER MADISON FUND, LLC EIN: 36-4456774	Tax Year(s) Ended		
	200212		
Detail of Adjustments to Ordinary Income			
Net Gain (Loss) From Form 4797, Part II	\$18,280,883.00		
Total Adjustments to Ordinary Income	\$18,280,883.00		
Other Adjustments			
A. Portfolio Income (Loss) Interest			
(1) Adjustment	\$0.00		
(2) As Reported	\$21,098.00		
(3) Corrected	\$21,098.00		
B. Portfolio Income (Loss) Dividends			
(1) Adjustment	\$0.00		
(2) As Reported	\$28,238.00		
(3) Corrected	\$28,238.00		

Remarks:
 See attached Form 886A.

Form 870-LT(AD), Other Adjustments (Continued)

NAME OF PARTNERSHIP WACKER MADISON FUND, LLC EIN: 36-4456774	TAX YEAR(S) ENDED		
	200212		
C. Portfolio Income (Loss) Net Short-Term Gain (Loss)			
(1) ADJUSTMENT	\$123,313.00		
(2) AS REPORTED	(\$184,418.00)		
(3) CORRECTED	(\$41,105.00)		
D. Interest Expense on Investment Debts			
(1) ADJUSTMENT	\$0.00		
(2) AS REPORTED	\$14,645.00		
(3) CORRECTED	\$14,645.00		
E. Investment Income Included in Portfolio Income			
(1) ADJUSTMENT	\$0.00		
(2) AS REPORTED	\$47,336.00		
(3) CORRECTED	\$47,336.00		
F.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			
G.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			
H.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			
I.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			

FORM 888-A	EXPLANATION OF ITEMS	SCHEDULE NUMBER
NAME OF TAXPAYER WACKER MADISON FUND, LLC		YEAR/PERIOD ENDED 12/31/2002

Net Gain (Loss) From Form 4787, Part II

	2002
Adjustment Per RAR	21,881,177
Amount Allowed By Government (25%)	5,420,294
Revised Adjustment	<u>18,280,883</u>

Other Adjustments-Portfolio Income (Loss)

Adjustment Per RAR	184,418
Adjustment Allowed By Government (25%)	41,105
Revised Adjustment	<u>123,313</u>

Accuracy-Related Penalty

It is determined that the gross valuation misstatement penalty, provided by IRC section 6662, applies at the investor level.

It is further determined that the rate of the accuracy-related penalty is reduced to 10 percent of the deficiency arising from the partnership adjustment(s).

Other Items

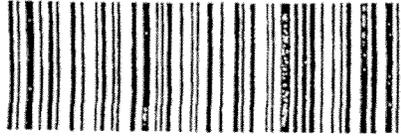
There is no cancellation of indebtedness income upon the refinancing transaction.

The pass through deduction for the management fees paid is not subject to the 2% itemized deduction per IRC Section 67 (c).

The investors are entitled to the suspension of interest under IRC Section 8404 (g).



Department of the Treasury
Internal Revenue Service
Cincinnati, OH 45999-0025

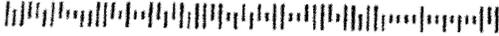


7161 7618 3633 7378 9110

Notice CP504
Tax Year 2002
Notice date September 12, 2011
Social Security number 8779
To contact us Phone 1-800-829-8374
Your Caller ID 759014
Page 1 of 5

(F)

011696.114589.0079.002 2 AT 0.490 1554



JOHN E ROGERS
162 ABINGDON AVE
KEMILWORTH IL 60043-1202624

011696

*60 days
Call 11-14-11*

*1001
~~XXXXXXXXXXXXXXXXXXXX~~
30 days
from 12/5/11
January 4/12*

Notice of intent to levy

Intent to seize your property or rights to property
Amount due immediately: \$608,474.06

As we notified you before, our records show you have unpaid taxes for the tax year ending December 31, 2002 (Form 1040). If you don't call us immediately or pay the amount due by September 22, 2011, we may seize ("levy") any state tax refund to which you're entitled and apply it to the \$608,474.06 you owe.

If you still have an outstanding balance after we seize any state tax refund, we may take possession of your other property or your rights to property.

Billing Summary

Ms D'Amico
Amount you owed \$595,467.40
Failure-to-pay penalty *1000177543* 7,120.12
Interest charges 5,886.54
Amount due immediately \$608,474.06

What you need to do immediately

Pay immediately

- Send us the amount due of \$608,474.06, or we may seize ("levy") your state tax refund on or after September 22, 2011.

Continued on back...



JOHN E ROGERS
162 ABINGDON AVE
KEMILWORTH IL 60043-1202624

Notice CP504
Notice date September 12, 2011
Social Security number 8779

Payment

- Make your check or money order payable to the United States Treasury.
- Write your Social Security number (343-34-8779), the tax year (2002), and the form number (1040) on your payment and any correspondence.

Amount due immediately

\$608,474.06

INTERNAL REVENUE SERVICE
CINCINNATI, OH 45999-0025



343348779 RU ROGE 30 0 200212 670 00060847406

Notice CP504
 Tax Year 2002
 Notice date September 12, 2011
 Social Security number 8779
 Page 2 of 5

What you need to do immediately—continued

Pay immediately—continued

- If you can't pay the amount due, pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Visit www.irs.gov and search for keyword: "tax payment options" for more information about:
 - Installment and payment agreements—download required forms or save time and money by applying online if you qualify
 - Automatic deductions from your bank account
 - Payroll deductions
 - Credit card payments
 Or, call us at 1-800-829-8374 to discuss your options.

If you think there's been a mistake

If you've already paid your balance in full or think we haven't credited a payment to your account, please call 1-800-829-8374, and have your payment information available to review with us. You can also contact us by mail. Fill out the Contact information section, detach, and send it to us with any correspondence or documentation including proof of payment.

If we don't hear from you

- If you don't pay the amount due, we may seize ("levy") any state tax refund to which you're entitled on or after September 22, 2011. This is your notice of intent to levy as required by Internal Revenue Code section 6331(d).

Mr. Rossi
 0192346



RONIE ROGERS
 167 ABBEYDOTT AVE
 KEITH WORTH IL 60043-1202674

Notice CP504
 Notice date September 12, 2011
 Social Security number 8779

Contact information

If your address has changed, please call 1-800-829-8374 or visit www.irs.gov.

Please check here if you've included any correspondence. Write your Social Security number (343-34-8779), the tax year (2002), and the form number (1040) on any correspondence.

Primary phone: _____ Best time to call: _____
 Secondary phone: _____ Best time to call: _____

INTERNAL REVENUE SERVICE
 CINCINNATI, OH 45999-0025



Notice CP504
 Tax Year 2002
 Notice date September 12, 2011
 Social Security number -8779
 Page 3 of 5

If we don't hear from you—continued



011696

- If you still have an outstanding balance after we seize ("levy") your state tax refund, we may send you a notice giving you a right to a hearing before the IRS Office of Appeals, if you have not already received such a notice. We may then seize ("levy") or take possession of your other property or your rights to property. Property includes:
 - Wages, real estate commissions, and other income
 - Bank accounts
 - Business assets
 - Personal assets (including your car and home)
 - Social Security benefits
- If you don't pay the amount due or call us to make payment arrangements, we can file a Notice of Federal Tax Lien on your property at any time, if we haven't already done so.
- If the lien is in place, you may find it difficult to sell or borrow against your property. The tax lien would also appear on your credit report—which may harm your credit rating—and your creditors would also be publicly notified that the IRS has priority to seize your property.
- If you don't pay your tax debt, we have the right to seize ("levy") your property.

Penalties

We are required by law to charge any applicable penalties.

Failure-to-pay

Description	Amount
Total failure-to-pay	\$7,120.12

When you pay your taxes after the due date, we charge a penalty of 0.5% of the unpaid amount due per month, up to 25% of the amount due. Beginning 10 days after we issue this notice, the penalty increases to 1.0% for each month the amount remains unpaid. We count part of a month as a full month. (Internal Revenue Code Section 6651)

For a detailed calculation of your penalty charges, call 1-800-829-8374.

Removal or reduction of penalties

We understand that circumstances—such as economic hardship, a family member's death, or loss of financial records due to natural disaster—may make it difficult for you to meet your taxpayer responsibility in a timely manner.

If you would like us to consider removing or reducing any of your penalty charges, please do the following:

- Identify which penalty charges you would like us to reconsider (e.g., 2005 late filing penalty).
- For each penalty charge, explain why you believe it should be reconsidered.
- Sign your statement, and mail it to us.

We'll review your statement and let you know whether we accept your explanation as reasonable cause to reduce or remove the penalty charge(s).

Continued on back...

Notice	CP504
Tax Year	2002
Notice date	September 12, 2011
Social Security number	-8779

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Removal of penalties due to erroneous written advice from the IRS

If you were penalized based on written advice from the IRS, we will remove the penalty if you meet the following criteria:

- If you asked the IRS for written advice on a specific issue
- You gave us complete and accurate information
- You received written advice from us
- You relied on our written advice and were penalized based on that advice

To request removal of penalties based on erroneous written advice from us, submit a completed Claim for Refund and Request for Abatement (Form 843) to the IRS service center where you filed your tax return. For a copy of the form or to find your IRS service center, go to www.irs.gov or call 1-800-829-8374.

Interest charges

We are required by law to charge interest on unpaid tax from the date the tax return was due to the date the tax is paid in full. The interest is charged as long as there is an unpaid amount due, including penalties, if applicable. (Internal Revenue Code section 6601)

Description	Amount
Total Interest	\$5,886.54

The table below shows the rates used to calculate the interest on your unpaid amount due. For a detailed calculation of your interest, call 1-800-829-8374.

Period	Interest rate
January 1, 2002 through December 31, 2002	6%
January 1, 2003 through September 30, 2003	5%
October 1, 2003 through March 31, 2004	4%
April 1, 2004 through June 30, 2004	5%
July 1, 2004 through September 30, 2004	4%
October 1, 2004 through March 31, 2005	5%
April 1, 2005 through September 30, 2005	6%
October 1, 2005 through June 30, 2006	7%
July 1, 2006 through December 31, 2007	8%
January 1, 2008 through March 31, 2008	7%
April 1, 2008 through June 30, 2008	6%
July 1, 2008 through September 30, 2008	5%
October 1, 2008 through December 31, 2008	6%
January 1, 2009 through March 31, 2009	5%
Beginning April 1, 2009	4%

Notice	CP504
Tax Year	2002
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Social Security number	8779

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Additional information



011696

- Visit www.irs.gov/cp504
 - For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
 - Review the enclosed IRS Collection Process (Publication 594).
 - Generally, we deal directly with taxpayers or their authorized representatives. Sometimes, however, it's necessary for us to speak with other people, such as employees, employers, banks, or neighbors to gather the information we need about a taxpayer's account. You have the right to request a list of individuals we've contacted in connection with your account at any time.
 - Keep this notice for your records.
- We're required to send a copy of this notice to both you and your spouse. Each copy contains the same information about your joint account. Please note: Only pay the amount due once.
- If you need assistance, please don't hesitate to contact us.

G

Rogers & Associates
ATTORNEYS

55 West Monroe
Street
Suite 2400
Chicago, Illinois
60603

October 19, 2011

Department of the Treasury
Internal Revenue Service
Post Office Box 630
Holtsville, NY 11742-0630

Re: 2002 Form 1040
Tax ID .8779

Ladies and Gentlemen:

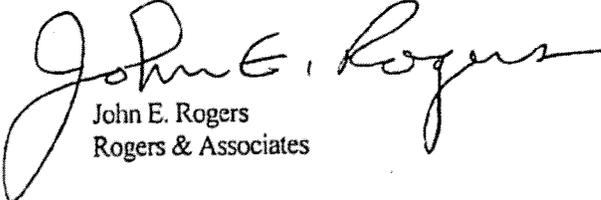
Further to my first letter of today regarding my 2002 tax return.

I am enclosing a copy of Personal Form 8082 which I have filed today at the Kansas City Service Center for the tax year 2002. I believe it was erroneous to leapfrog Abingdon Trading which had special allocations in place.

As I inquire more deeply into this matter I also believe it is erroneous to make any adjustment to my individual tax return for 2002. That is why I also filed a personal Form 8082 for 2002.

Thank you for your assistance.

Yours truly,


John E. Rogers
Rogers & Associates



Department of the Treasury
Internal Revenue Service
PO Box 145566 Stop 814G/CDP
Cincinnati OH 45201

In reply refer to: 0266343451
Feb. 24, 2012 LTR 86C E0
8779 200212 30
00001935
BODC: SB

JOHN E & FRANCES L ROGERS
162 ABINGDON AVE
KENILWORTH IL 60043



001240

Taxpayer Identification Number: 8779
Tax Period(s): Dec. 31, 2002
Form: 1040

Dear Taxpayer:

Thank you for your Form 12153 of Feb. 04, 2012.

Your request for a Collection Due Process Hearing has been forwarded to our Appeals Office in Fresno, CA. Appeals will contact upon receipt of the Form 12153 and furnish you with the name and telephone number of the Settlement Officer assigned to your case. Please be sure to have all pertinent information related to your case available for your hearing.

If you need forms, schedules, or publications, you can obtain them by visiting the IRS website at www.irs.gov or by calling toll-free at 1-800-TAX-FORM (1-800-829-3676).

If you have any questions, please call Ms. Kang at 859-669-5239 between the hours of 6:00 am and 3:00 pm EST.

If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include a copy of this letter with your response. Use the space below to indicate a telephone number and the best time for us to call you should we need more information. Keep a copy of this letter and any information that you send to us for your records.

Telephone Number () _____ Hours _____

We apologize for any inconvenience, and thank you for your cooperation.

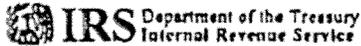
0266343451
Feb. 24, 2012 LTR 86C E0
-8779 200212 30
00001936

JOHN E & FRANCES L ROGERS
162 ABINGDON AVE
KENILWORTH IL 60043

Sincerely yours,

A handwritten signature in cursive script that reads "Retha Zulager".

Retha Zulager, Department Manager
ACS Support, Collection Operations



M

CINCINNATI OH 45999-0038
71836086645481554449

In reply refer to: 0243433845
July 10, 2012 LTR 916C 1
36-4480698 200212 06
Input Op: 0243433845 00009510
BODC: SB

ABINGDON TRADING LLC
ROGERS JOHN E MANAGER
162 ABINGDON AVE
KENILWORTH IL 60043-1202

CERTIFIED MAIL

Taxpayer Identification Number: 36-4480698
Kind of Tax: Income
Date Claim(s) Received: Oct. 24, 2011
Tax Period(s): Dec. 31, 2002

Dear Taxpayer:

We are unable to process your claim for the tax period(s) shown above.

The service has reviewed your Administrative Adjustment Request (AAR) for Wacker Madison Fund LLC for the tax period ending Dec. 31, 2002 filed on Oct. 24, 2011. We cannot consider the AAR because on 7/6/2010, Form 870-PT(AD), Settlement Agreement for Partnership Items and Partnership Level Determinations was executed for the same tax year as the AAR. See attached for more

The AAR didn't conform to the requirements in the Treasury Regulation Section 301.6227(d)-1; see attached for further explanation. Additionally, the AAR was filed by a limited liability company (LLC) which files as partnership as a member of a second LLC filing as a partnership. An LLC filing as a partnership cannot file a partner level AAR.

If you have any questions, please call us toll free at 1-800-829-0115.

If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include this letter and, in the spaces below, give us your telephone number with the hours we can reach you in case we need more information. Keep a copy of this letter for your records.

Telephone Number () _____ Hours _____

Thank you for your cooperation.