



SHARTSIS FRIESE LLP

One Maritime Plaza ♦ Eighteenth Floor
San Francisco, California 94111-3598

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VIA E-MAIL

Our Investment Adviser Clients

Re: Electronic Schedule K-1s

The IRS recently issued a ruling permitting partnerships to issue a Schedule K-1 to a partner only electronically if the partnership has received the partner's affirmative consent. The consent must be obtained in a manner that demonstrates the partner can access the electronic format in which the K-1 is furnished. For example, a partnership can e-mail a consent form to its partners in whatever electronic format it intends to send the K-1s and ask the partners to sign and return their consents electronically. Alternatively, a partnership could send a paper letter to its partners attaching the consent with instructions to send it back using the electronic means that the partnership intends to use, or the partnership could post the consent on its website with instructions to answer using the appropriate electronic means. Please note that states may have different rules regarding electronic K-1s and thus the partnership may still be required to send state K-1s in a paper format.

The partnership also must provide each partner with a statement with specific disclosures, including the length of the consent, the procedures for withdrawing the consent and a description of the hardware and software necessary to access the electronic K-1s.

You should consult us or your accountants if you want to send K-1s to your partners only electronically. This letter only generally summarizes the ruling's requirements and is not intended as specific or complete advice. Please contact Doug Hammer, John Broadhurst, Geoff Haynes, Chris Rupright, Carolyn Reiser, Neil Koren, Jim Frolik, Christina Hamilton, Joan Grant, Lyn Roberts, Anthony Caldwell or Charles Clinger of our office with any questions.

Shartsis Friese LLP

CIRCULAR 230 DISCLOSURE: This letter was not written to be used, and it cannot be used, to avoid imposition of penalties under the Internal Revenue Code.