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ATTN: Vicki Hanning

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May 21, 1998

Dear Short Plaintiffs, Heirs and Beneficiaries:

We are very pleased to advise you that after long and extensive discussions and communications with the Internal Revenue Service, we have received a ruling that the income accrued on the funds held by the Trust [for the Short judgments (commonly known as the Short Judgment Account)] does not constitute gross income to the Trust, *nor do the amounts held in the Trust and distributed per capita constitute gross income to the Trust or to the individual recipients.*

This is a *very* favorable ruling. The amounts distributed to you by the Trust have now been determined by the Internal Revenue Service not to be taxable. If you have filed a tax return and paid taxes on the Short judgment amounts distributed to you, you should consider filing an amended return and seeking a refund. As you know, we are not your counsel for individual tax matters, so if you have specific questions regarding your individual situation, you should contact the IRS, your state taxing agency, or your tax advisor.

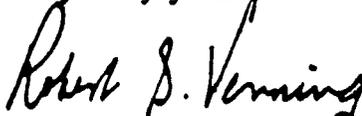
In addition, we wish to notify you that the Court overruled the objections made by certain Short plaintiffs, heirs and beneficiaries to payment of attorneys' fees on account of distributions pursuant to the Hoopa/Yurok Settlement Act. ~~The Court has allowed~~ attorneys' fees on account of the Hoopa/Yurok Settlement Act payments to be deducted from the award obtained by counsel against the government under the Equal Access to Justice Act.

We are very pleased with the IRS ruling and enclose a copy of it, should you need to discuss it with the local office of the IRS or your tax advisor. The work was primarily

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conducted by our tax specialists, David Rakonitz and Glenn Smith, together with the advice and participation of the undersigned and your other counsel shown as recipients of copies of this letter.

Very truly yours,



Robert S. Venning



Michael S. Greenberg

Enclosures

cc: William Wunsch, Esq.
William Shearer, Esq.

Internal Revenue Service

Department of the Treasury

Index No.: 61.00-00

Washington, DC 20224

Citicorp Trust, N.A.,
Attn: W. Gary Ogburn
1 Sansome Street, 24th Floor
San Francisco, CA 94104

Contact Person:
Steven R. Schneider
Telephone Number:
(202) 622-3060

In Reference to:
CC:DOM:P&SI:2 PLR-109976-97
Date MAY 11 1998

- Trust = Trust Funds Held for the Benefit of Plaintiffs and Heirs in Jesse Short et al. v. U.S., Docket No. 102-63 (Fed. Cl.)
EIN: 11-6469786
- Bank = Citicorp Trust, N.A.
- Court-1 = United States Court of Federal Claims
- Court-2 = Circuit Court
- Reservation = Hoopa Valley Reservation in California
- State = California
- X = Jesse Short et al. v. U.S., Docket No. 102-63 (Fed. Cl.)
- n1 = \$57 million
- d1 = July 29, 1993
- d2 = March 14, 1995
- d3 = December 21, 1995
- d4 = April 17, 1998

"This document may not be used or cited as precedent.
Section 6110 (j) (3) of the Internal Revenue Code."

Dear Mr. Ogburn:

This responds to your letter dated May 20, 1997, submitted on behalf of Trust, in which a ruling is requested concerning the status of Trust for federal income tax purposes.

The information submitted by Trust states the following:

Trust was established by Court-1 to hold and disburse funds due from the United States to certain Indians living on Reservation. The X litigation established that the plaintiffs in question had a right under 25 U.S.C. § 407 to receive per capita payments.

W. Gary Ogburn

Court-1 entered multiple judgments totalling over n1 in favor of the plaintiffs on d1. The judgments were affirmed by Court-2 on d2, and on d3 Court-1 entered an order regarding the payment of the judgments. In response to the parties' representations that the United States would encounter difficulties and delays in disbursing the monies due the plaintiffs, Court-1 ordered that the judgment funds be transferred to one of the law firms representing the plaintiffs, to be deposited into an account in a commercial bank which would be administered pursuant to Court-1's order. Interest on the judgments would be used to pay administrative fees.

Following this court order, the law firm established Trust to hold and disburse the judgment funds according to the court order. Trust is a trust under State law, and Bank serves as trustee. Trust is irrevocable. Although the United States has approval authority over the choice of trustee, the United States does not have a reversionary interest in Trust. Trust's funds must be invested in United States securities or other investments, subject to approval by the United States. Additionally, the trustee must obtain an order from Court-1 before making any distributions.

By letter to Trust's authorized representative dated d4, the U.S. Department of Interior ruled that 25 U.S.C. § 1407 applies to Trust.

Section 1.61-1(a) of the Income Tax Regulations provides that gross income means all income from whatever source derived, unless excluded by law.

Section 1407 of Title 25 of the U.S. Code provides in part that none of the funds which are distributed per capita or held in trust pursuant to a plan approved under the provisions of chapter 25, including all interest and investment income accrued thereon while such funds are so held in trust, shall be subject to Federal or State income taxes.

Accordingly, based on the Department of Interior's ruling under 25 U.S.C. § 1407, the income accrued on the funds held by Trust does not constitute gross income to Trust, nor do the amounts held in Trust and distributed per capita constitute gross income to Trust or to the individual recipients.

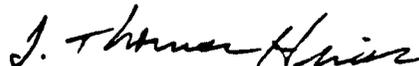
Except as specifically set forth above, no opinion is expressed concerning the federal tax consequences of the facts described above under any other provision of the Code.

W. Gary Ogburn

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

Pursuant to a power of attorney on file in this office a copy of this letter will be sent to X's authorized representatives.

Sincerely yours,



J. THOMAS HINES
Senior Technician Reviewer,
Branch 2
Office of the Assistant
Chief Counsel
(Passthroughs and
Special Industries)

Enclosures: 2
Copy of this letter
Copy for § 6110 purposes
