
From: Paul Morris [REDACTED]
Sent: 3/21/2016 8:03:06 PM
To: 'Jeffrey Epstein' [jeevacation@gmail.com]
Subject: FW: The FMV Valuation Alert - Estate of Sarah D. Holliday v. Commissioner

-----Original Message-----

From: Lance S. Hall, ASA [info@fmv-value.com]
Sent: Monday, March 21, 2016 07:46 PM Eastern Standard Time
To: Paul Morris
Subject: The FMV Valuation Alert - Estate of Sarah D. Holliday v. Commissioner

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First Reminder of 2016 that Section 2036 Continues to Have Teeth

*(Estate of Sarah D. Holliday v. Commissioner)*¹¹

By Carsten Hoffmann, ASA, TEP *

Preamble

In 2011 I wrote a FMV Alert that an asteroid had narrowly missed the earth, which was the only way to get your attention when the real topic was another 2036 IRS victory in the Estate of Paul H. Liljestrand. Five years later there is still no asteroid in sight, but we do have the Estate of Sarah D. Holliday ("Estate") v. Commissioner ("Service"); T.C. Memo. 2016-51; No. 8143-1 to remind us that 2036 still has teeth.

Background

Sarah D. Holliday ("Decedent" or "Mrs. Holliday") had acquired significant assets due to her husband's HVAC business and real estate activity. Her husband had passed in 1999. Failing health had caused Mrs. Holliday to move into a nursing home in 2003. In 2006, Mrs. Holliday formed the Oak Capital LP ("Partnership") and funded it one week later with approximately \$6 million of marketable securities. The decedent received a .1 percent general partner interest and a 99.9 percent limited partner interest in the Partnership. On the same day, the Decedent assigned her .1 percent general partner interest to her two sons as well as gifting a 10 percent limited partner interest to an irrevocable trust for the benefit of her two sons. Mrs. Holliday passed on January 7, 2009, holding an 89.9 percent majority interest in the Partnership.

Issues raised by the IRS

The IRS issued a determination of deficiency in the amount of \$785,000 under a Section 2036(a) argument that the assets transferred by the Decedent were includable in her gross estate.

The purpose of Section 2036(a) is to include in a decedent's gross estate the values of inter vivos transfers that are essentially testamentary in nature. Section 2036(a) applies when three conditions are