



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Office of Indian Tribal Governments
SE:T:GE:ITG
201 Como Park Blvd.
Buffalo, New York 14227

September 18, 2008

[REDACTED]

Dear [REDACTED]

I am writing in regard to your inquiry regarding the Section 17 Corporation of the Lower Brule Sioux Tribe, and specifically as a follow-up to our meeting in Phoenix on February 25, 2008. At that meeting, you presented a business model involving a proposed method to generate investment income from outside parties in order to create economic development opportunities for the Lower Brule Sioux Tribe. That discussion sought our feedback concerning the tax implications of the proposed venture.

I apologize for the delay in responding to your request, but due to the complexity of this issue, and our lack of familiarity with the financial products at issue, we sought input from a variety of Service components.

In reviewing the proposed transaction, we are operating under the assumption that the BIA has no concerns with the manner of usage of the Section 17 [REDACTED] in this program. As such, the three issues presented for IRS consideration were:

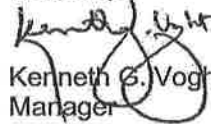
1. Can Lower Brule Sioux Tribe use [REDACTED] to raise capital for its Section 17 Corporation and retain exemption from Federal Income Tax for the Section 17 Corporation?
2. Will U.S. Investors of the Section 17 [REDACTED] have the same Federal Income Tax obligations as U.S. Investors [REDACTED] from [REDACTED] corporations?
3. Inasmuch as U.S. taxpayers hold the Bank's [REDACTED] that ultimately represent the investment assets of the Section 17 corporation, may the corporation continue to rely on Revenue Ruling 94-16 to protect the Section 17 corporation from federal income taxation?

Based on the information provided, we believe that the answer is to the first and third question is yes, while the answer to the second question is that any income earned by the investors would be fully subject to federal income taxation in the same manner as income earned from investment in a domestic "C" corporation.

This letter represents our opinion based on the facts submitted. Its does not constitute a formal ruling and may not be relied upon as such. Our opinion may change if different facts surface. Additionally, subsequent changes in the law, or new published guidance from the Treasury Department or Internal Revenue Service, may also cause a change in this opinion. In such cases, there is often a period of time allowed for either the issuing entity or investors to make an informed decision about changes they may wish to make in regard to the financial instruments or the structure of the underlying entity(s).

If you have any further questions, please feel free to contact me via e-mail at kenneth.g.voght@irs.gov, or via telephone at (716) 686-4860.

Sincerely,



Kenneth G. Voght
Manager