

## ATTORNEYS

Kenneth E. Werner

## PRACTICE AREAS

Tax

## Kenneth Werner quoted in *The Hedge Fund Law Report* article "IRS Private Letter Ruling Offers Guidance to Hedge Funds Investing in Auction Rate Preferred Shares"

*The Hedge Fund Law Report*

August 10, 2010

Richards Kibbe & Orbe LLP partner Kenneth E. Werner was quoted in *The Hedge Fund Law Report* article "IRS Private Letter Ruling Offers Guidance to Hedge Funds Investing in Auction Rate Preferred Shares." This article explores a recent private letter ruling issued by the IRS stating that preferred stock issued by a closed-end fund should be classified as equity for federal tax purposes. It also examines the potential significance for hedge funds invested in or considering an investment in auction rate preferred shares. Here, Mr. Werner explains that the manner in which financial instruments are classified is not likely to change because of the PLR, as preferred stock is generally considered equity and that is what the IRS determined in this case. He also states that the ruling was a good outcome for the ARPS market.