

**Ken Oveson**

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**From:** Greg Shepard [greg@bfsmail.com]  
**Sent:** Monday, August 24, 2009 11:53 AM  
**To:** Ken Oveson  
**Subject:** Greg/IAUS

Ken, Sorry for the mix-up. I will e-mail my list (less than 20) and have them hold off on any calls until you give the green light. I do have a conference call tentatively set for this Thursday at 11:00 AM. We can handle that one of two ways: one, talk about only the issues you are ready to talk about, or two, postpone it until you are completely ready.

IAUS has sent every client a letter stating the units have been placed in service. The IRS guidelines on that are quite easy to meet. The IAUS units have done that. However, for audit purposes IAUS has a liability until the units are working full time and producing revenue. Therefore, until that happens, IAUS for audit purposes says the units are not yet placed in service. I suppose the difference is looking at it from meeting the IRS placed in service guidelines and what IAUS has to do with its books.

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

**From:** Ken Oveson [mailto:ken@mmacpa.com]  
**Sent:** Monday, August 24, 2009 10:08 AM  
**To:** greg@bfsmail.com  
**Cc:** Kim McReynolds; Don Mantyla; Jim Oveson  
**Subject:**  
**Importance:** High

Greg,

I received your e-mail following our meeting on Friday. It is apparent that we did not come out of this meeting with the same understanding. As we discussed, there are still a number of key issues to research on this before we can start talking to people. Please let your people know that we will not be able to speak with them until we have done that research. We have already had several calls which we have not responded to.

Also, Mantyla McReynolds has a client acceptance committee that has to approve each new client. I will present your company to them today but their next scheduled meeting is on Wednesday and they must give approval to proceed with services for the clients.

One more issue has come up. After our meeting I went to our audit department to discuss International Automated Systems, Inc. We are now in the process of doing the audit for them. I am told by the audit department that the units being sold are not yet "placed in service". From a tax standpoint, "placed in service" is a key factor in taking deductions for depreciation and credits. Again we need to research how this will impact those who have already purchased units. Our first impression is that until the units are placed in service, there is no deduction to be taken. In fact, the amounts already paid for units are recorded as deferred income since they are not yet placed in service. There must be consistency between the books of International Automated Systems and the taxpayer.

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Thank you for your confidence in us but please give us the time to get ready to respond.

<i>Mantyla</i> McREYNOLDS LLC		 <p>AN INDEPENDENT MEMBER OF <b>BDO</b> <b>SEIDMAN</b> <b>ALLIANCE</b></p>
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