

US Widget Company 3343 Industrial Ave., San Diego, CA 92121

12/14/01

I.R.S. COLLECTION LETTER

VIA CERTIFIED MAIL (W/ENCL.)

Attn.: Laurie Parson, CFO
ABC Company
1234 Anywhere St.
Zooloo, USA 12343

Re: \$487.65 to US Widget for merchandise and services, inv. no. ____ dated _____

Dear Ms. Parson:

The above invoice which is currently over 90 days old has been deemed uncollectible by our department and as such must now be reported to the Internal Revenue Service by us as Debt Cancellation Income. When a debtor is relieved of debt, this is the same as receiving cash income for tax purposes. The I.R.S. requires creditors to report this discharged debt as income on Form 1099-C. The I.R.S. then routinely runs computer matches of the 1099s sent in by creditors against the tax filings of the identified businesses.

In order for us to issue you an IRS Form 1099, reporting the invoice amount as miscellaneous income, we will need the enclosed Form W-9 completed and returned to us within 10 days of the date of this letter. This form is required for compliance with Internal Revenue Service Reg. S161-12 (discharge of indebtedness). This letter and W-9 are being mailed to you via certified mail in order to document our compliance in the event of an I.R.S. audit or inquiry. If we do not receive your signed and completed W-9, we will at our option issue the Form 1099-C to the I.R.S. incomplete with as much information as we have on file.

Thank you in advance for your cooperation in this matter.

Sincerely,

Your Name
Your Title