



THE MDE GROUP, INC.

Your family's most trusted advisor

Memo

To: MDE Clients
From: Oleg Ikhelson, JD, CPA – VP of Tax Planning
Date: December 22, 2008
Re: Winter Update

It has been over a year since I joined the MDE family. However, it was only a few weeks after I started that the 2008 tax season swept the days and nights of late winter and early spring into one single tornado of tax and compliance related activities. As hectic and unforgiving as the April 15 deadline was, the concerted and determined efforts of the great MDE team, and your understanding and patience, enabled us to emerge in full compliance and prepared to tackle another year.

As has been the case for the past several years, the complexity of the tax system continued to increase last year. Each year tax returns themselves grow in size and complexity, while final 1099 and K-1 information from multiple sources continues to be revised and delayed. In the face of these continued challenges, we continue to strive to develop the best solutions to utilize the ever-changing tax laws, to add value to our services, and minimize the tax impact on our clients.

In this new world of delayed information and increasing complexity, as a practical matter many of our clients' complex tax returns could not be completed by April 15. Still, as we were awaiting information to cross our *t's* and dot our *i's* on the last year forms to bring those extended returns to completion, we were able to review and analyze the current year information to insure full compliance with the estimated payment requirements. As I previously wrote to our clients with investments in Titan, we will see some relief starting next year when the hedge funds will be required to prepare the K-1s at least one month before the individual tax deadline of October 15. That said, it is very doubtful any of the hedge fund managers will ever be able to produce final reports before September, given current complexities of hedge fund reporting.

As we begin to prepare for the 2009 tax season, we look back on 2008 for lessons learned and ways we can improve. In general, we are pleased with the results of the 2008 tax season as a whole. Not only did we timely file all returns and extensions as required by law, but we also implemented the new procedure of electronic filing as required now by the state authorities. The "E filing," aside from being a mandatory process for some taxpayers, provides tremendous benefits to MDE clients as it allows us to proactively solve any problems before they arise and gives us an opportunity to fix inconsistencies instantaneously without being subjected to government's inquiries and the lengthy audit processes. Now that I am no longer confronted with the daunting task of learning the nuances of each of our clients' personal situation in the midst of the pressures and deadlines of tax season, I am confident that 2009 tax season will run more smoothly and be even more successful than last year. The lessons of the 2008 season have been learned; those few missteps we made will not be repeated.

You will also receive shortly under a separate cover, our revised final estimates for the 2008 tax year. These projections reflect an update of our yearly projections to account for the AMT changes passed by the Congress as a part of *Economic Stabilization Act of 2008*. Within the next few weeks, I will be writing to you regarding preparation

for the upcoming tax season. To make the 2009 tax season run more smoothly than ever, I am planning additional proactive communications with all of our clients to set realistic expectations or what is required to ensure timely and accurate tax compliance in this “new tax world.”

I am particularly proud of MDE’s ongoing commitment to ensure that tax compliance meets the high standards we set for ourselves in all we do. Even in the face of these challenging economic times, we are proud to announce a new addition to our service group – Hanna Ahn. Hanna, a Rutgers Business School graduate with a B.S. in Finance & Economics, joined our team in the beginning of November. Hanna will be helping us in the areas of compliance and tax return preparation. She will also add flexibility to the MDE operations and will make the tax season crunch less stressful and allow uninterrupted communications with our clients. I encourage you to freely communicate directly with her during tax season and throughout the year to facilitate any tax or compliance issues.

On a personal note, I am happy to have met many of you in person and look forward to building a more personal relationship with every single client. I especially look forward to meeting those whom I have not yet had a chance to meet in person. As many of you are aware, I have finished my legal education at Rutgers Law School and graduated this May *cum laude*, finishing in the top 10% of the class. I also became a member of the *Order of the Coif*: a scholastic honor society for lawyers and judges who attained high distinction for their scholarly or professional accomplishments. In late July, I sat for and passed both New Jersey and New York Bar exams. Needless to say, with these pressures removed, I will be able to focus one hundred percent of my professional time on servicing our clients.

I also am very excited about my professional future at MDE. With ten years of accounting experience and the excellent legal training I received in law school, I will be taking a more active role in areas of client service beyond just tax compliance. Specifically, I look forward to working with clients to, among other things, develop sophisticated and advanced estate plans to insure that our client family always receives the superior wealth management services they have come to count on during these past 21 years from *your family’s most trusted advisor*.

Thank you for the opportunity to serve your tax needs. On behalf of all my colleagues at MDE, I wish you and your family a joyous holiday season as well as a healthy, prosperous and peaceful 2009.

Very truly yours,

A handwritten signature in black ink, appearing to read "Oleg Ikhelson". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Oleg Ikhelson, CPA, JD –VP Tax & Estate Planning