

EXHIBIT E is out of Internal Revenue Manual

INTERNAL REVENUE MANUAL  
PART: 35 Tax Litigation  
Chapter: 35(18) 00 DEFENSE Evaluation and  
DEFENSE LETTER Preparation  
Section: 35(18)40 Case CLASSIFICATION (8-31-82)

(35)(18)45 (6-1-88)  
Effect of Classification

(1) The major impact of case classification is that it determines whether the defense letter will be subject to National Office review and whether the Justice Department may settle the case without obtaining the views of the District Counsel.

(2) If a case is classified Standard, the defense letter will be sent to the Tax Litigation Division for review prior to being forwarded to the Department of Justice. District Counsel may send S.O.P. defense letters (including abbreviated letters) directly to the Department of Justice.

(3) If a case is classified Standard, the Department of Justice will refer all settlement offers to District Counsel prior to acceptance of the offer. In some cases where the offer is deemed to be clearly inappropriate, the Department of Justice will reject it summarily and not refer the offer to District Counsel. Normally, if a

TO BE CONTINUED