

Exhibit 7

Exhibit 7(a)

ROSS, DIXON & BELL, LLP

2001 K Street, N.W. • Washington, D.C. 20006-1040 • p (202) 662-2000 f (202) 662-2190

ROBERT E. HEGGESTAD
DIRECT DIAL: (202) 662-2054
EMAIL: RHEGGESTAD@RDBLAW.COM

April 10, 2006

VIA OVERNIGHT FEDERAL EXPRESS

Joan McClean
Disclosure Manager
Internal Revenue Service
31 Hopkins Plaza
Baltimore, MD 21201-2825

Re: Freedom of Information Act Request

Dear Ms. McClean:

Pursuant to the Freedom of Information Act ("FOIA"), 5 U.S.C. §552, please consider this a request for a copy of the transcripts of the deposition of Internal Revenue Service ("IRS") agent Sterling W. Powers and the November 20, 1984 transcript of the hearing held before Judge Gus Solomon in the District Court of Hawaii in *United States v. Stonehill et. al.*, Civil Action No. 65-127. These documents, which were previously withheld in connection with FOIA Request No. 99-12084, are located at the Headquarters Disclosure Office in Washington, D.C.

I have spoken to Jane Lockland, the Disclosure Officer in New York (212-719-6948) who advised me on March 21, 2006 that the case involving FOIA request No. 99-12084 had been closed and that nothing further could be done regarding this request. Although Ms. Lockland informed me that it would be necessary to file a new FOIA request, we do not agree that a new FOIA Request must be filed, prior to seeking the judicial remedies granted in the Act; by filing this FOIA Request, we are not waiving any rights that we may have regarding FOIA Request No. 99-12084. If we can provide you with additional information regarding the location of these documents, please let me know.

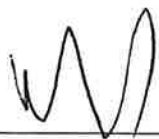
My clients, Robert P. Brooks and the Estate of Harry S. Stonehill, agree to pay all reasonable expenses incurred in connection with processing this request.

ROSS, DIXON & BELL, LLP

Joan McClean
April 10, 2006
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Sincerely,

ROSS, DIXON & BELL, LLP

By 

Robert E. Heggstad

REH:cfw

Exhibit 7(b)



U.S. Department of Justice

Tax Division

Civil Trial Section, Eastern Region

BNC:dlb
5-16-4036
CMN 2006103375

Post Office Box 227
Washington, DC 20044

Telephone: (202) 514-0472
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May 9, 2007

Via Hand-delivery

Robert E. Heggstad
Ross, Dixon & Bell, LLP
2001 K Street, N.W.
Washington, D.C. 20006-1040

Re: Stonehill v. Internal Revenue Service
Civil No. 1:06-CV-00599 (JDB) (USDC DDC)

Dear Mr. Heggstad:

Having received your correspondence on May 7, 2007, attached as Exhibit A to this letter ("Acknowledgment Letter"), the United States accepts your counteroffer regarding the transcript of the hearing in the United States District Court for the District of Hawaii, dated December 10, 1984 and the deposition transcript of Sterling Powers dated May 3, 1997 ("Transcripts"). We understand that the parties are bound to the terms as set forth in the attached Acknowledgment Letter. In accordance with the agreement, the Transcripts are enclosed.

Sincerely yours,

EILEEN J. O'CONNOR
Assistant Attorney General
Tax Division

By:

David A. Hubbert
DAVID A. HUBBERT
Chief, Civil Trial Section,
Eastern Region



U.S. Department of Justice

Tax Division

Civil Trial Section, Eastern Region

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May 7, 2007

Via E-mail and U.S. Mail


Robert E. Heggstad
Ross, Dixon & Bell, LLP
2001 K Street, N.W.
Washington, D.C. 20006-1040

Re: Stonehill v. Internal Revenue Service
Civil No. 1:06-CV-00599 (JDB) (USDC DDC)

Dear Mr. Heggstad: 

We are in receipt of your correspondence of May 2, 2007 and May 4, 2007 in which you accept our proposal regarding the transcripts, with conditions. We have treated your correspondence as proposing a counteroffer with the following terms:

1. To the extent consistent with D.C. Bar Rule 5.6 (b), Robert Brooks or his estate and the Estate of Stonehill agree that neither they nor any lawyer on their behalf, nor any other agent acting on their behalf, will file any FOIA request with the Tax Division and the Internal Revenue Service related in any way to Harry Stonehill or Robert Brooks for a period of seven years.
2. To the extent consistent with D.C. Bar Rule 5.6 (b), Robert Heggstad agrees that he will not file, on his own behalf, any FOIA request with the Tax Division or the Internal Revenue Service related in any way to Harry Stonehill or Robert Brooks for seven years.
3. The Tax Division will provide you with the deposition transcript of Sterling Powers and the 1986 hearing transcript by the close of business, Wednesday, May 9, 2007.

If our recitation of the terms of your offer is consistent with your understanding, please initial a copy of this letter and return it to us by the close of business today, May 7, 2007. 

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Sincerely yours,

EILEEN J. O'CONNOR
Assistant Attorney General
Tax Division

By:

DAVID A. HUBBERT
Chief, Civil Trial Section,
Eastern Region