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THE STATE OF SOUTH CAROLINA
IN THE SUPREME COURT

S.C. Supreme Court

Appeal from Richland County Court of Common Pleas

George James, Jr., Circuit Court Judge

James F. Barber, Supervising Circuit Court Judge

(Formerly Pending before the South Carolina Court of Appeals)

Howard Hammer Appellant

v.

Shirley Hammer Respondent

Case No. 2009-CP-40-05911

Appellate No. 2013-001652

1634 Main, L.P. Plaintiff/ Appellant

v.

Shirley Hammer a/k/a Shirley Grace Hightower Defendant and Third Party
Plaintiff/Respondent

v.

Howard Hammer Appellant/Additional
Defendant on Counterclaim/Appellant

Case No. 2010-CP-40-2889

Appellate No. 2013-001634

RECORD ON APPEAL
VOLUME V

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Deposition of Bernard N. Ackerman, CPA

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- 1 A. "16.2. Howard Hammer, a limited partner, is hereby
2 designated the tax matters partner pursuant to
3 section 6231(a)(7) of the code. In as such, shall
4 be solely responsible for representing the
5 partnership in all dealings with the Internal
6 Revenue Service, and any state, local, and any
7 foreign tax authorities; but he shall keep the other
8 partners reasonably informed of any partnership
9 dealings with any tax agency."
- 10 Q. So --
- 11 A. Do you want me to interpret?
- 12 Q. Yes, please.
- 13 A. This is a requirement by the Internal Revenue
14 Service to designate a partner as a tax matters
15 partner that would be the one responsible dealing
16 with the government authority for any tax matters.
- 17 Q. Does that designee have to be an individual, or can
18 it be an entity?
- 19 A. I'm almost sure it has to be an individual.
- 20 Q. If you could look at the paragraph preceding 16.1.
- 21 A. 15.4?
- 22 Q. No, we just read 16.2, now I'm looking at 16.1.
- 23 A. Okay.
- 24 Q. If you can interpret that for me, please?
- 25 A. (Reviews document.) This -- this paragraph says

Deposition of Bernard N. Ackerman, CPA

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1 Q. Are you the one that disseminates those returns?

2 A. My office mails the return.

3 Q. To whom does your office mail the tax returns?

4 A. To the managing partner.

5 Q. Does your office mail the K-1s to the limited
6 partners?

7 A. No.

8 Q. Do you know a man named Walter or Wally Moring?

9 A. No.

10 Q. I'm going to show you what we've already marked as
11 Defendant's Exhibit Number 2. Just take your time
12 and review that packet of material, please.

13 A. (Reviews documents.)

14 Q. Have you seen this document before?

15 A. I have seen the K-1s 'cause I prepared them.

16 Q. Can you describe for us what that cover letter is?

17 A. This is a cover letter from Danville Business
18 Advisors. "Dear Mr. Moring, it's been brought to my
19 attention that Shirley Hammer might not have
20 received her copies of the scheduled K-1 for the
21 above-referenced partnership for tax years 2005
22 through 2010. In the event she did not receive
23 them, I am enclosing copies herewith for her files.
24 If you have any questions, give me a call, Marion D.
25 Turbeville," and it's dated November 29th, 2011.

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- 1 Main LP. Page 23 through 29 consists of
2 documentation which is entitled, "Monthly Check
3 Register," for the first five pages. And then a
4 two-page document called, "Year-to-Date Operating
5 Statement 1634 Main LP." Mr. Ackerman, is it
6 correct that you did not prepare the documents
7 located between pages 23 and 29?
- 8 A. Yes.
- 9 Q. The documents located on page 23 through 29 are not
10 part of the 2005 tax return; is that correct?
- 11 A. Yes.
- 12 Q. Thank you for letting me make that clarification on
13 the record. Before we took a break, we were talking
14 about the ownership and the partnership versus the
15 ownership of the dirt, for lack of a better term.
16 You had explained essentially that Shirley bought an
17 interest in the dirt in around 2000 or 2001 in order
18 to avoid a capital gains tax; did I summarize that
19 correctly?
- 20 A. Yes, you did.
- 21 Q. I don't remember if I asked you this, so I'm going
22 to ask you again, do you know what percentage of the
23 building Shirley bought when she made that purchase?
- 24 A. Yes, 52.75.
- 25 Q. Okay. What is it, sir, that you are looking at in

Deposition of Bernard N. Ackerman, CPA

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1 describe, please, what Exhibit 4 is?

2 A. (Reviews document.) Well, this is very difficult to
3 read, it's very blurry, but it's entitled a,
4 "Special Warranty Deed."

5 Q. Can you tell, to the best that you can squint, can
6 you tell us who is involved in this deed?

7 A. (Reviews document.) I'm going to try to read the
8 first paragraph where it says, "Know all men by
9 these presents, that 1634 Main LP, a South Carolina
10 limited partnership whose address is 1634 Main
11 Street, Columbia, South Carolina 29201, ("Grantor"),
12 for and in consideration of the sum of Ten Dollars
13 (\$10.00) and other valuable consideration, to it
14 paid by Shirley Hammer ("Grantee"), the receipt of
15 which is hereby acknowledged, subject to the
16 conditions, matter, and/or reservations herein set,
17 forth, if any, has granted, bargained, sold, and
18 released, and by these presents does grant, borrow,
19 sell, and release unto the said Grantee 52.75% of
20 the following described property: The real estate
21 described on Exhibit 'A' attached hereto."

22 Q. So would I be correct in stating that this special
23 warranty deed transferred from 1634 Main LP to
24 Shirley Hammer, 52.75 percent of the real property
25 located in Exhibit A to the special warranty deed?

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1 A. Yes, I'm looking for -- yeah, 11 February 2002, yes.

2 Q. Okay. So this Exhibit 4, special warranty deed,
3 also establishes the ownership of Shirley and the
4 dirt at 52.75 percent, which is what we tried to
5 fumble through a second ago looking at Exhibit 6; is
6 that correct?

7 MS. LIPSCOMB:

8 Object to the form. You can still answer it.

9 WITNESS CONTINUES:

10 A. Yes.

11 Q. Thank you all for letting me get through that.

12 MR. HAMMER:

13 Did you introduce this as 3?

14 MS. WEISSENSTEIN:

15 I did as Exhibit 4.

16 EXAMINATION CONTINUES BY MS. WEISSENSTEIN:

17 Q. Now, in your professional opinion, when Shirley owns
18 the 52.75 percent of the real estate, does that
19 affect her percentage ownership in the partnership
20 at all?

21 MR. HAMMER:

22 Object to the form of the question.

23 EXAMINATION CONTINUES BY MS. WEISSENSTEIN:

24 Q. Is ownership of a partnership interest and ownership
25 of an interest in real estate a separate thing?

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1 A. Yes.

2 Q. Can you explain that for me, please?

3 A. Yes, in 2005 Ms. Hammer's partnership interest was
4 increased from eight percent to 56.8 percent. This
5 increase was due to a transfer of the dirt back to
6 the partnership that was supposed to have taken
7 place in 2005.

8 Q. Can you expand on that explanation for me, please,
9 when you say that there was supposed to be a
10 transfer of the real estate back to the partnership?
11 What is your understanding?

12 A. The documentation for that year, we were told and
13 provided that Mrs. Hammer had made a transfer of the
14 dirt, and the value was a 48 on an eight percent
15 interest; and that was prepared by the tax attorney,
16 we were told, in Columbia.

17 Q. Who is the tax attorney?

18 A. I'm not sure, the initial tax attorney was Mr.
19 Young. And I think he was the tax attorney
20 throughout the transaction. But he had set the
21 transaction up that this was going to happen. It
22 just couldn't happen in the year that the like kind
23 exchange took place, due to -- for tax purposes;
24 does that make sense?

25 Q. It probably does to an accountant. So you were told

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1 that Shirley was going to transfer her individual
2 interest in the real estate back to the partnership.
3 So if she owned eight percent of the partnership,
4 how does that transfer of individual interest into
5 the partnership change her eight percent ownership
6 status?

7 A. Again, a computation is done of capital account
8 balances.

9 Q. Can you speak up a little?

10 A. A computation by someone of capital account
11 balances.

12 Q. Okay.

13 A. Because she contributed a dirt that was worth a sum
14 of monies increased her -- her value in the
15 partnership. And --

16 Q. All right, and, again, I'm just trying to understand
17 this, because I don't really speak accountant.

18 A. If you look on page -- on that form that we're
19 looking at, page 18.

20 Q. Uh-huh.

21 A. You'll see that there's a current year increase on
22 -- on line N.

23 Q. Right.

24 A. \$40,044, which is a book value of that interest
25 inuring to Ms. Hammer.

Deposition of Bernard N. Ackerman, CPA

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1 Q. So 40,044 is the book value of a 52.75 percent
2 interest in the real estate located at 1634 Main in
3 Columbia?

4 A. Right.

5 Q. My accountant would be so proud of me, okay. So
6 that contribution of her percentage of ownership in
7 the real property individually to the partnership,
8 would that be considered a capital contribution?

9 A. Yes.

10 Q. Okay. Did you ever receive any documentation
11 establishing that transfer had actually occurred?

12 A. Only written notes, but no documentation.

13 Q. Written notes from whom?

14 A. I'm not sure whether it was Mr. Turbeville or Mr.
15 Hammer; but it's one of those two. I tend to think
16 it's Mr. Turbeville.

17 Q. Would those notes be in your file at the office?

18 A. Possibly.

19 Q. I'm going to ask if you would check, and if you find
20 them, if you would provide those to me?

21 A. Okay, put that on my list.

22 MR. HAMMER:

23 Subject to your notice to produce, subject to an
24 appropriate notice to produce, an opportunity for us
25 to enter any objections we might see fit.

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1 capital balance. Are you making a distinction
2 between cash balance and capital balance?

3 MS. WEISSENSTEIN:

4 I am.

5 MR. HAMMER:

6 Okay.

7 WITNESS CONTINUES:

8 A. I'm not sure what year you want, but I'll read them
9 both out to you. The capital account balance on
10 January 1st, 2005 was \$841,088. And the capital
11 account balance on December 31st, 2005 was \$308,068.

12 Q. When we look back at Shirley's K-1 that's on page 18
13 of Exhibit 3, what was Shirley's capital balance
14 then at the beginning of this tax year?

15 A. \$67,208.

16 Q. I'm seeing on Shirley's K-1, and the bottom
17 paragraph marked at N, that it indicates that she
18 made a current year increase. I guess what I'm
19 trying to figure out is, I'm trying to figure out
20 how Shirley's capital balance began at \$67,208, and
21 ended at 99,755.

22 A. well, the -- the mathematics is that we added 40,044
23 to her beginning capital balance, and we subtracted
24 \$7,497. And that the arithmetic there gives us an
25 ending capital account \$99,755.

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1 Q. So you explained earlier that that 40,044 was the
2 book value of the real estate interest she was
3 supposed to transfer.

4 MR. HAMMER:

5 Object to the form of the question.

6 EXAMINATION CONTINUES BY MS. WEISSENSTEIN:

7 Q. What is the \$7,479 figure?

8 A. Normally, the distributions are monies -- cash
9 monies that are -- are paid out.

10 Q. A distribution, would that would normally be a check
11 written to the recipient?

12 A. Uh-huh. Yes.

13 Q. If you can look at the page 17 of Exhibit 3, can you
14 explain to us what that is, sir?

15 A. (Reviews document.) Do you want me to go back to N
16 again?

17 Q. No, if you could just describe for me what is --

18 A. This is --

19 Q. -- this page?

20 A. This is the K-1 form showing the income and expenses
21 that are deemed to be distributed to a particular
22 share, a particular member or partner. In this
23 case, it's Howard Hammer.

24 Q. Would this be Howard Hammer individually?

25 A. This would be Howard Hammer individual.

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1 Q. Can you tell us what was his beginning capital
2 account?

3 A. (Reviews document.) His beginning capital account
4 was \$529,253.

5 Q. The ending capital account?

6 A. Was \$136,333.

7 Q. All right. Can you explain for us, please, how
8 there was such a drastic drop between the beginning
9 and the ending of Mr. Hammer's capital account in
10 1634 Main LP?

11 A. Well, what happened was Mr. Hammer's partnership
12 interest decreased from 63 percent to 37.8 percent.
13 And that decrease was attributable to his capital
14 account dropping from 529 to 136. We would -- I
15 would have to look at the backup or the makeup of
16 the 26,647, and the 419,567, but I don't have that
17 with me today.

18 Q. Based on your recollection though, what would have
19 caused Mr. Hammer's individual percentage ownership
20 in the partnership to decrease that much?

21 MR. HAMMER:

22 Objection, foundation.

23 EXAMINATION CONTINUES BY MS. WEISSENSTEIN:

24 Q. Based on your knowledge, what caused Mr. Hammer's
25 beginning capital account balance which was 529,253

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- 1 A. And those are three components of it.
- 2 Q. Okay.
- 3 A. All right.
- 4 Q. Does this 2005 tax return change Shirley's ownership
5 percentage in the limited partnership?
- 6 A. This tax return reflects the change in Shirley
7 Hammer's -- Hightower's partnership percentage
8 interest.
- 9 Q. So this tax return reflects that Shirley went from
10 owning an eight percent interest in the limited
11 partnership to owning a what percent interest?
- 12 A. In her -- in her K-1, her interest went from eight
13 percent at the beginning of the year to 56.8
14 percent.
- 15 Q. Did you ever explain to Shirley or talk to Shirley
16 about this change in her percentage of ownership?
- 17 A. No, but she would have seen it herself on the K-1.
- 18 Q. Assuming she saw the K-1?
- 19 A. Assuming that she received a K-1.
- 20 Q. Okay.
- 21 A. Just as the other partners saw their percentage go
22 to zero.
- 23 Q. Would Shirley's liabilities change? Would her
24 partnership interest increase?
- 25 A. She would be more responsible for paying taxes, if

Deposition of Bernard N. Ackerman, CPA

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1 MS. LIPSCOMB:

2 I apologize.

3 Court Reporter reads back question as follows:

4 Q. And so at the end of 2005, who were the members of
5 the partnership based on this tax return.

6 WITNESS CONTINUES:

7 A. At the end of 2005, the partners and their interest
8 were SH5, LLC, .63 percent; Howard Hammer, 37.8
9 percent; Shirley Hightower, 56.80 percent; David
10 Hammer, 4.77 percent.

11 Q. Then you said that the distributions are reflected
12 as cash gifts or a realignment in ownership.

13 A. And -- and/or.

14 Q. And/or realignment ownership interest. I know I
15 sound like a broken record, but where would you have
16 gotten the information about a realignment and
17 ownership interest?

18 A. From the managing partner and/or Mr. Turbeville.

19 Q. Mr. Hammer is the managing partner?

20 A. His single member LLC is.

21 Q. Who is the single member of the LLC?

22 A. Again, the single member LLC, who is a member of
23 this LLC, is SH5, LLC.

24 Q. Who is the single member SH5, LLC?

25 A. Howard Hammer.

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1 Main LP, would that have included any
2 indemnification agreement whereby, your firm would
3 be indemnified for any error to the tax returns made
4 by virtue of information provided to you by your
5 client?

6 MS. LIPSCOMB:

7 Object to the form of the question.

8 WITNESS CONTINUES:

9 A. My normal engagement letter would include that
10 indemnification.

11 Q. Thank you. As to the insurance information I was
12 requesting, for purposes of just making it easier
13 for everyone, I'll put that request in writing. I
14 will send it to you, to your attorney, to Ms.
15 Lipscomb, and to Mr. Hammer, and we can address that
16 issue later.

17 MR. HAMMER:

18 Thank you.

19 MS. WEISSENSTEIN:

20 I reserve the right to ask any follow-up questions,
21 but for now I'm finished, and I'm going to turn you
22 over to Mr. Hammer and/or Ms. Lipscomb who might
23 have some questions for you. Thank you.

24 EXAMINATION BY MR. HAMMER:

25 Q. Let me go to the agreement first because we just got

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1 through with that. That agreement would have been
2 2001?

3 A. The -- that limited partnership agreement?

4 Q. The agreement that the 1634 Main would have had with
5 the Bernie Ackerman CPA firm. That would have been
6 an agreement that was entered into in 2001 or 2000?

7 A. (Reviews document.) Yes. Normally, we prepare a --

8 Q. Let me ask the question.

9 MS. WEISSENSTEIN:

10 So, actually, I would like for you to let him finish
11 his answer.

12 EXAMINATION CONTINUES BY MR. HAMMER:

13 Q. Go ahead, I hadn't yet asked the question.

14 WITNESS CONTINUES:

15 A. The answer's yes to that question.

16 Q. All right. I'll follow-up with a question.

17 Normally, you prepare an agreement for each year; is
18 that correct?

19 A. Yes.

20 Q. When you said you had prepared an agreement, you
21 know that you prepared an agreement in 2001; is that
22 correct?

23 A. If we were following our normal operating procedure,
24 yes.

25 Q. You don't know whether an agreement was signed for

Deposition of Bernard N. Ackerman, CPA

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1 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009,
2 2010, 2011, do you?

3 A. Without checking my records, no.

4 Q. The only one that you believe that was signed was
5 the one for 2001; is that correct?

6 A. I believe there was -- should have been one for
7 2001, yes.

8 Q. The others, you would not know whether there was one
9 signed or not?

10 A. Yes.

11 Q. All right. Now, we've gone around, and we've gotten
12 a nice education in accounting, but I want to get to
13 the heart of this, and see whether I can understand
14 what was being said. If I understand correctly, and
15 you help me out with this please, if I misstate
16 anything, but if I understand correctly, you were
17 engaged as an accountant for 1634 Main LP somewhere
18 around 2001?

19 A. Yes.

20 Q. If I understand correctly, that you began preparing
21 tax returns for 1634 Main in 2001?

22 A. Yes.

23 Q. If I understand correctly, the general partner is
24 SH5, or the general partner was SH5, LLC in 2001?

25 A. Yes.

Deposition of Bernard N. Ackerman, CPA

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1 Q. If I understand correctly, there's been certain
2 references to general partner and managing partner.
3 When we talk about a managing partner, were you
4 referring to someone other than the general partner?

5 A. No.

6 Q. All right. So the term managing partner throughout
7 your deposition would actually have meant the
8 general partner; is that correct?

9 A. Yes.

10 Q. The general partner then would have been SH5, LLC?

11 A. Yes.

12 Q. Not Howard Hammer?

13 A. Would have been that LLC.

14 Q. That LLC. Do you have any documentation in 2001 as
15 to who the members of that LLC was?

16 A. I only know that it was a single member LLC.

17 Q. All right. Do you know that's it's a single member
18 LLC in 2004?

19 A. Yes.

20 Q. All right, and do you know that it's a single member
21 LLC in 2006?

22 A. I can only assume that it stayed the same.

23 Q. But as far as your knowledge --

24 A. Yes.

25 Q. Do you have knowledge as far as your assumptions,

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1 you've made an assumption. Do you have any direct
2 knowledge that it stayed the same? In other words,
3 have you seen anything from the Secretary of State,
4 or any documentation after 2001 from which you can
5 testify based on your own knowledge of any
6 documentation that you've seen that the membership
7 of SH5 stayed the same?

8 A. Based on my knowledge, it stayed the same.

9 Q. Have you seen any documentation to confirm that?

10 A. No.

11 Q. All right. So based on the documentation that you
12 have, you would have no knowledge that the SH5 was
13 the same in 2001 as it was in 2006? When I say
14 documentation, I'm talking about what is filed in
15 the Secretary of State's office showing the
16 membership of the LLC.

17 A. I have no reason to believe that the membership
18 changed --

19 Q. All right.

20 A. -- in SH5.

21 Q. Okay. Did you ever file a tax return for SH5?

22 A. No, a tax return would not be required for a single
23 member LLC.

24 Q. All right. In 2004, well, did you file any type of
25 tax return --

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1 A. Uh-uh.

2 Q. While there wasn't a tax return filed, well, did you
3 file anything in the joint return when Mr. and Mrs.
4 Hammer were married? And I'm going to refer to Mr.
5 and Mrs. Hammer to avoid confusion. When Mr. and
6 Mrs. Hammer were married, when you filed a joint
7 return, would there be anything in that joint return
8 in connection with the SH5, LLC?

9 A. Only a K-1 from 1634 Main that would have gone to
10 that -- to your personal return.

11 Q. All right. So your assumption that SH5 has not
12 changed is based upon the fact that the K-1s that
13 you've been filing for SH5 have only been sent to --
14 have not been sent to anyone other than they were
15 sent to when the SH5 was initially organized?

16 MS. WEINSSENSTEIN:

17 I'm going to object. I think you misstated the
18 witness' testimony in framing your question.

19 MR. HAMMER:

20 If you tell me what way, I'll try to restate it.

21 MS. WEINSSENSTEIN:

22 To clarify, did you say that you prepared K-1s for
23 SH5, LLC?

24 WITNESS:

25 No, I said that the K-1 from 1634 Main had as a

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1 member SH5, LLC. That income flowed to their joint
2 tax returns. Because the single member of that LLC
3 based on my knowledge was Mr. Hammer.

4 MS. WEINSSENSTEIN:

5 Okay. Your question was about K-1s for SH5, LLC,
6 which is why I got confused.

7 MR. HAMMER:

8 Right, but you cleared it up.

9 MS. WEINSSENSTEIN:

10 Okay, thank you.

11 EXAMINATION CONTINUES BY MR. HAMMER:

12 Q. So you have not filed K-1s for SH5, LLC?

13 A. (No response.)

14 Q. K-1s, I'm asking specifically about K1s for SH5,
15 LLC.

16 A. There is a K-1 prepared for SH5, LLC, that's part of
17 the 1634 Main partnership.

18 Q. I understand that, and that shows the interest that
19 the SH5 has in the LLC, and the LP, the 1634 LP,
20 correct?

21 A. Yes.

22 Q. But as far as filing a separate tax return, and a
23 separate K-1s for SH5, LLC, you have not done that?

24 A. No, it's not required.

25 Q. All right, okay. Now, we've cleared up who is the

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1 matter of the general partner and that being SH5,
2 LLC. Let me see whether I can clear up a little bit
3 about the management. SH5, LLC, as a general
4 partner would have the right to chose a management
5 company to manage the business of the limited
6 partnership; is that correct?

7 A. Yes.

8 Q. If they chose Danville Business Associates, who
9 Marion Turbeville is a part of, would there be
10 anything improper about that?

11 A. No.

12 Q. Would there be anything improper about Marion
13 Turbeville or Danville Business Associates managing
14 the day-to-day needs of the building, that is to see
15 that the building has a cleaning service?

16 A. No.

17 MS. WEISSENSTEIN:

18 I'm going to object to this line of questioning.
19 There's been no basis or foundation made for this
20 sort of testimony.

21 MS. WEISSENSTEIN:

22 Thank you very much. Your objection is noted.

23 EXAMINATION CONTINUES BY MR. HAMMER:

24 Q. There would be no impropriety, there would be
25 nothing wrong with the management company running

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1 the day-to-day business of seeing who cleans the
2 building, hiring painters, seeing about repairs,
3 doing those sort of things; is that correct?

4 A. That's the purpose of a management company.

5 Q. In your experience, that Counsel brought out, she
6 asked you about your experience and knowledge about
7 the LPs, would that be what you just said, be a part
8 of your knowledge about LPs, that LPs sometimes hire
9 management companies to run their LPs?

10 A. Yes.

11 Q. Those management companies are separate and
12 different than sometimes the general partner; is
13 that correct?

14 A. Yes.

15 Q. There is nothing improper about that at all, is
16 there?

17 A. No.

18 Q. In fact, that is a fairly standard business for the
19 general partner to hire a management company to run
20 the repair part of the business. To run the -- to
21 see that it's cleaned properly, and maybe even to do
22 some of the bookkeeping accounting; is that correct?

23 A. Yes.

24 Q. All right. Let us get to the heart of this. What
25 we're here about is the ownership interest of

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1 accuracy?

2 A. Determining what an expenditure was for and what a
3 receivable was for.

4 MR. HAMMER:

5 Thank you very much.

6 (There being no further questions, the deposition was
7 concluded at 7:44 p.m.)

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- 1 Shirley Hammer in the LP. I think maybe if we go
2 through a progression, it might help, if you don't
3 mind. If I understood your tax returns to show --
4 if I understood your tax returns through 2004 they
5 show that Shirley Hammer had an eight percent
6 interest in the limited partnership?
- 7 A. Yes.
- 8 Q. She was an eight percent limited partner; is that
9 correct?
- 10 A. Yes.
- 11 Q. If I also understood you, that Mrs. Hammer bought
12 in, somewhere around 2001, 2002, I'm not sure, the
13 deed would show, but she bought, with proceeds from
14 a sale of a property in Isle of Palms, I believe you
15 said, a 52.75 interest in what we call the dirt; --
- 16 A. Yes.
- 17 Q. -- is that correct?
- 18 A. Yes.
- 19 Q. She purchased that as is shown on the deed from the
20 limited partnership?
- 21 A. Yes.
- 22 Q. And the reason for that is so -- is that called a
23 1031 exchange?
- 24 A. Yes.
- 25 Q. The reason for that was a 1031 exchange, which means

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1 that she doesn't have to pay the capital gains that
2 she would have made on the sale of the property that
3 she had in Isle of Palms; is that correct?

4 A. Yes.

5 Q. So by using the money and the profit that she made,
6 by using the profit that she made in the sale of the
7 property in Isle of Palms, she was able to invest
8 that, and buy part of the property owned by the 1634
9 limited partnership without having to pay any tax;
10 is that correct?

11 A. Yes.

12 Q. The tax attorney had worked out a plan, by which,
13 through legal process, he would, at some point,
14 after an appropriate number of years, convert the
15 interest that Mrs. Hammer had in the limited
16 partnership dirt, which was 52 percent, to convert
17 that to an interest in the limited partnership
18 itself; is that correct?

19 MS. WEISSENSTEIN:

20 I'm going to object to that.

21 MR. HAMMER:

22 Okay. Your objection is noted.

23 EXAMINATION CONTINUES BY MR. HAMMER:

24 Q. Is that correct?

25 A. That was the plan.

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1 Q. All right, okay. Now, you understand the contract
2 law, don't you?

3 A. I'm not a lawyer.

4 Q. But you have dealt with contracts?

5 A. I have.

6 Q. You understand that a contract is a promise for a
7 promise; do you understand that?

8 A. Yes.

9 Q. Now, let's bring up to 2004. In 2004 Ms. Hammer
10 owned eight percent of the limited partnership; is
11 that correct?

12 A. Yes.

13 Q. She owned 52.75 percent of the --

14 A. Dirt.

15 Q. -- of the dirt?

16 A. Yes.

17 Q. In 2005 she received, and you were asked whether
18 there's any documentation, and I'll go to that in a
19 minute, she received an additional portion of the
20 limited partnership, which brought her total
21 interest up to 56.8 percent of the limited
22 partnership?

23 MS. WEISSENSTEIN:

24 I object to the form.

25 EXAMINATION CONTINUES BY MR. HAMMER:

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1 Q. Is that correct?

2 A. Yes.

3 Q. So her increase would have been somewhere around
4 48.6 percent?

5 A. 48.8 percent.

6 Q. 48.8 percent. Now, in 2005 you prepared the tax
7 returns for 1634 Main LP; is that correct?

8 A. Yes.

9 Q. You received information either from Mr. Hammer or
10 Mr. Turbeville in connection with that; is that
11 correct?

12 A. Yes.

13 Q. Now, you also prepared the joint tax returns in 2005
14 for Mr. and Mrs. Hammer; is that correct?

15 A. Yes.

16 Q. Would the ownership interest that Mrs. Hammer had in
17 2005 been documented on her joint tax return of
18 2005?

19 A. Her proportionate share would have been reported on
20 that tax return.

21 Q. So in 2004 on the joint tax return, what was her
22 proportionate share of the LP reporting?

23 A. Eight percent.

24 Q. In 2005, when you prepared the tax return for Mr.
25 and Mrs. Hammer jointly, what was the amount of the

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1 interest of the LP interest shown on the 2005 for
2 Mrs. Hammer?

3 A. 56.8.

4 Q. Now, in terms of documentation, you were asked
5 whether you have documentation, let me define
6 documentation to you completely. Documentation
7 would include any documents that you may have seen,
8 that showed that, or any documents Mrs. Hammer may
9 have signed that indicated, or that represented, or
10 that affirmed, that she owned that type of interest.
11 Now that I've defined documentation to you, do you
12 have any documentation that showed that Mrs. Hammer
13 owned 56 --

14 A. Eight.

15 Q. -- .8 percent interest of the 1634 limited
16 partnership in 2005?

17 A. Yes.

18 Q. What type of documentation do you have?

19 A. Well, I do have the form that she signed that --
20 that is an exhibit now that -- that allows us to
21 transmit your individual tax returns to the IRS; but
22 on that form it says that she has, and I could read
23 it, I guess.

24 Q. What exhibit is that?

25 MS. WEISSENSTEIN:

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1 I don't recall having an exhibit whereby Shirley
2 Hammer --
3 WITNESS CONTINUES:
4 You took the -- my document.
5 MS. WEISSENSTEIN:
6 -- as to her individual tax return.
7 WITNESS CONTINUES:
8 A. Let's see what I did with the document. Yeah, it's
9 this form that was with those documents you copied,
10 it's Form 8879 that she signed.
11 MS. LIPSCOMB:
12 Let me go back and make a copy.
13 WITNESS:
14 Well, she's got -- she's already made copies.
15 EXAMINATION CONTINUES BY MR. HAMMER:
16 Q. May I hold that form, please?
17 A. Well, you might as well hold the 2005.
18 Q. For 2005.
19 MS. LIPSCOMB:
20 Are these your copies?
21 MR. HAMMER:
22 Would you mark this as an exhibit?
23 MS. WEISSENSTEIN:
24 We don't have a copy of this.
25 MS. LIPSCOMB:

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1 I'll go make us a copy.

2 MR. HAMMER:

3 I thought we made copies for you, I apologize. You
4 want to take a moment to get a copy?

5 (Court Reporter marks Defendant's Exhibit Number 8, Form
6 8879 for Year 2005, attached hereto.)

7 (OFF RECORD)

8 EXAMINATION CONTINUES BY MR. HAMMER:

9 Q. You now have a copy of Exhibit Number 5. Mr.
10 Ackerman, I'm going to refer you back to Exhibit
11 Number 5, which is the 8879 form.

12 MS. WEISSENSTEIN:

13 It's Exhibit Number 8.

14 EXAMINATION CONTINUES BY MR. HAMMER:

15 Q. Excuse me, Exhibit Number 8.

16 MS. WEISSENSTEIN:

17 I wanted to clarify.

18 MR. HAMMER:

19 I'm sorry, my eyes have gotten worse than I thought.

20 Thank you.

21 EXAMINATION CONTINUES BY MR. HAMMER:

22 Q. Exhibit Number 8, which is a 2005 documentation
23 form, and I was asking you about whether you had any
24 documentation that Mrs. Hammer, who is also known as
25 Shirley Hightower, or Shirley Hightower Hammer, any

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1 documentation from her that she received a change in
2 her ownership from eight percent to 56.8 percent,
3 and I believe your answer was yes; is that correct?

4 MS. WEISSENSTEIN:

5 I'm going to object to what seems to be your
6 description of Exhibit 8 as being a documentation.

7 MR. HAMMER:

8 You can object to it. Your objection is noted.

9 Thank you.

10 EXAMINATION CONTINUES BY MR. HAMMER:

11 Q. You --

12 MS. WEISSENSTEIN:

13 I would like to finish my objection. You just
14 described Exhibit 8 as being affirmation by Shirley
15 Hammer that her ownership interest in the LP
16 changed. And when I'm looking at Exhibit 8, it is
17 an E-file signature.

18 MR. HAMMER:

19 I'll withdraw the question.

20 EXAMINATION CONTINUES BY MR. HAMMER:

21 Q. Let's go back. I hate to waste time plowing back
22 over old ground, because we have a break, but I'll
23 do that anyway.

24 MR. HAMMER:

25 Please forgive me, Madam Court Reporter, I think

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1 we've already gone through this, but we have to go
2 through it again.

3 EXAMINATION CONTINUES BY MR. HAMMER:

4 Q. Initially, I'd asked you, I defined documentation,
5 as being anything, including any documents signed by
6 Mrs. Hammer, which would show that she had a change
7 in her ownership from 2004 to 2005, in the 1634 Main
8 LP from eight percent to 56.8 percent. Do you have
9 any type of documentation based on the definition
10 that I have just given you?

11 A. Not really by that definition. What I have -- I
12 have a document that she signed that she reviewed
13 her return. And when she reviewed her return, she
14 should have seen that her amounts changed, that --

15 Q. Let me go back, because I'd asked the question I
16 think about that. I didn't go back far enough. You
17 prepared the 2004 joint return for Mr. and Mrs.
18 Hammer; is that correct?

19 A. Yes.

20 Q. You prepared the 2005 joint return for Mr. and Mrs.
21 Hammer for 2005.

22 A. Yes.

23 Q. On the joint return for 2004, it is correct that
24 Mrs. Hammer's interest in the LP as shown by the
25 schedule on the 2004 return was eight percent of the

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1 limited partnership; is that correct, for 2004?

2 A. The distributable items on that return represented
3 eight percent of 1634 Main.

4 Q. All right. In 2005, what we call the distributable
5 items, or whatever we call it, it ultimately equates
6 to her ownership interest.

7 A. It shows the 56.8 percent of the distributable items
8 on that return.

9 Q. All right, now, do you have any documentation that
10 Mrs. Hammer under penalty of perjury declared that
11 she had examined the return of 2005 showing that she
12 had the 56.8 percent interest?

13 A. I -- I had the normal IRS E-file signature
14 authorization Form 8879, that Ms. Hammer signed,
15 that said she reviewed, under penalties of perjury,
16 that this -- the best of her knowledge, the tax
17 return filed was correct.

18 Q. That would be Exhibit Number 8; is that correct?

19 A. Yes.

20 Q. So Exhibit Number 8 is documentation by Mrs. Hammer
21 that she reviewed the 2005 return, and the 2005
22 joint return included in it, a schedule that showed
23 that Mrs. Hammer owned 56.8 percent of the 1634
24 limited partnership?

25 A. Yeah, that her -- that her distributable items on

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1 that return represented 56.8 percent of the
2 partnership interest.

3 Q. In layman's terms, that she would own 56.8 percent
4 of the limited partnership in 2005?

5 MS. WEISSENSTEIN:

6 Objection, asked and answered.

7 EXAMINATION CONTINUES BY MR. HAMMER:

8 Q. Go ahead.

9 A. Yes, in layman terms.

10 Q. All right. Now, this document that she signed was
11 signed under the penalty of perjury; is that
12 correct?

13 A. That's what it says, yes.

14 Q. This document also states that she read the item and
15 that she corroborated that she did own the 56.8
16 percent; is that correct?

17 MS. WEISSENSTEIN:

18 Objection.

19 EXAMINATION CONTINUES BY MR. HAMMER:

20 Q. Well, let me restate the question. It states that
21 she read the tax returns, and she verified the
22 accuracy of the tax returns as being correct?

23 A. Yes.

24 Q. Now, in 2006, did you prepare a joint tax return for
25 Mr. and Mrs. Hammer?

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- 1 A. I did, the last joint return.
- 2 Q. In 2006, did the 2006 joint tax return show Mrs.
- 3 Hammer's interest in the 1634 Main Street LP?
- 4 A. It -- it did.
- 5 Q. All right. In layman's terms, what did that
- 6 calculate out to be?
- 7 A. 56.8 percent.
- 8 MR. HAMMER:
- 9 Let me mark this, please.
- 10 (Court Reporter marks Defendant's Exhibit Number 9, Form
- 11 8879 for Year 2006, attached hereto.)
- 12 EXAMINATION CONTINUES BY MR. HAMMER:
- 13 Q. Now, do you have any documentation for 2006 that
- 14 Mrs. Hammer had a 56.8 percent interest?
- 15 MS. WEISSENSTEIN:
- 16 Do you have another copy for me of Exhibit 9?
- 17 MS. LIPSCOMB:
- 18 Hold on, I do.
- 19 MR. HAMMER:
- 20 Nine, 2006, yes.
- 21 WITNESS CONTINUES:
- 22 A. Again, I had a document that showed that she signed
- 23 -- would show the distributive share of the 1634
- 24 Main Street items that were 56.8 percent reflected
- 25 on her -- on your joint tax return.

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1 Q. So in 2005 and 2006 you have documents signed by
2 Mrs. Hammer reflecting that she acknowledged that
3 she owned what amounted to a 56.8 percent interest
4 in the 1634 Main Street?

5 MS. WEISSENSTEIN:
6 Objection.

7 EXAMINATION CONTINUES BY MR. HAMMER:

8 Q. Is that correct?

9 A. Again, it's semantics, but I have a document that
10 shows that she signed under penalties of perjury
11 that she looked at the distributive shares of -- of
12 the partnership --

13 Q. Let --

14 A. -- in question, and -- and those distributive shares
15 represented 56.8 percent.

16 Q. So --

17 MS. LIPSCOMB:
18 Has that been moved into evidence, the 2006 one?

19 MR. HAMMER:
20 Yeah, I'm sorry.

21 MS. LIPSCOMB:
22 Nine.

23 MR. HAMMER:
24 Yeah, I've introduced Number 9 and --

25 WITNESS CONTINUES:

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1 A. Eight.

2 Q. -- Eight. So we have two years, Exhibits 8 and 9,
3 which shows that she acknowledge under penalty of
4 perjury in layman's terms, that she owned 56.8
5 percent of the LP?

6 MS. WEISSENSTEIN:

7 Objection.

8 EXAMINATION CONTINUES BY MR. HAMMER:

9 Q. You can answer the question.

10 A. Again, I'm going to -- I just want to say that it is
11 -- she has signed it, that she has recognized 56.8
12 percent of the distributive share of the items
13 coming from 1634 Main.

14 Q. In layman's terms, that would be 56. --

15 MS. WEISSENSTEIN:

16 Objection, asked and answered multiple times.

17 MR. HAMMER:

18 Thank you.

19 EXAMINATION CONTINUES BY MR. HAMMER:

20 Q. In layman's terms, that would be 56.8 percent of the
21 LP of the 1634 Main Street?

22 A. Those items would represent 56.8 percent of the LP.

23 Q. So to make it real clear for the Judge or anyone who
24 reads it, in 2005 and 2006, we have documents signed
25 by Ms. Hammer which show that she acknowledged a tax

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1 return that indicated that she had a share of the
2 1634 LP that represented 56.8 percent interest; is
3 that correct?

4 A. Again, yes, she signed a -- a form that showed that
5 she had distributive share items representing 56.8
6 percent of 1634 Main.

7 Q. All right.

8 (OFF RECORD)

9 EXAMINATION CONTINUES BY MR. HAMMER:

10 Q. That's 2005 and 2006, where Mrs. Hammer has
11 indicated, by her signing, and by her reading the
12 documents, that in layman's terms she had what
13 represented to be 56.8 percent of the LP?

14 MS. WEISSENSTEIN:

15 Objection.

16 EXAMINATION CONTINUES BY MR. HAMMER:

17 Q. Correct?

18 A. Yes.

19 Q. All right. Has that continued to be the case in as
20 far as the LP returns are concerned from that day
21 until present?

22 A. Through 2011, the last return that I filed.

23 Q. She is shown on each return that she represented
24 56.8 percent --

25 A. Yes.

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- 1 Q. -- of the ownership of the LP?
- 2 A. Yes.
- 3 Q. All right. Now, let's get back, you've explained
- 4 that you have a background in finances, and a
- 5 background in various types of degrees --
- 6 A. Uh-huh.
- 7 Q. -- that associate with finances, and that would
- 8 include some understanding of contracts and how
- 9 contracts work?
- 10 A. Yes.
- 11 Q. What you explained to us earlier, that Mrs. Hammer
- 12 was supposed to transfer her 52.7 percent of the
- 13 land in return for the --
- 14 A. 48 point -- 48.6 percent.
- 15 Q. -- 48.6 percent of the LP. And what happened is
- 16 one-half of that transaction, according to Mrs.
- 17 Hammer, acknowledgement got completed; is that
- 18 correct?
- 19 MS. WEISSENSTEIN:
- 20 Objection.
- 21 WITNESS CONTINUES:
- 22 A. I don't know.
- 23 MS. WEISSENSTEIN:
- 24 There's been no testimony about that.
- 25 WITNESS CONTINUES:

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1 A. I don't know.

2 MS. WEISSENSTEIN:

3 There's no foundation about that.

4 WITNESS CONTINUES:

5 A. I do know that she signed a form that recognized she

6 was getting the distributive shares of 56.6 --

7 Q. So Mrs. Hammer acknowledged that one-half of that

8 transaction had been completed?

9 MS. WEISSENSTEIN:

10 Objection.

11 EXAMINATION CONTINUES BY MR. HAMMER:

12 Q. That is, that she had received --

13 MR. HAMMER:

14 Your objection is noted.

15 EXAMINATION CONTINUES BY MS. HAMMER:

16 Q. That she had received 48. -- what did you say?

17 A. Eight.

18 Q. Eight percent, making a total of 56.8 percent. She

19 signed the document showing that she had received

20 the consideration that she was supposed to have

21 received.

22 MS. WEISSENSTEIN:

23 Objection.

24 WITNESS CONTINUES:

25 A. No, she signed a document that she said that she was

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1 receiving 56.6 percent of the distributive share
2 from that partnership.

3 Q. That 56.6 percent was an additional 48 percent, 48.8
4 percent from the year 2004 to 2005?

5 A. Yes.

6 Q. So she signed the document showing that she received
7 her consideration, 48.8 percent of the interest in
8 the LP?

9 MS. WEISSENSTEIN:

10 Objection.

11 WITNESS CONTINUES:

12 A. Again, my -- the tax return doesn't show that --
13 we're talking about semantics of percentage. It
14 just doesn't show the percentage, but the
15 distributive items equal the 56.6 percent.

16 Q. So I'm going to say if A equal A, or if A equal B,
17 and B equals C, A equals C. If A equal B --

18 A. Yeah, that's simple algebra, and I agree with that.

19 Q. All right, and I'm substituting when you say
20 distributive share, I'm substituting 56.8 percent,
21 because that's what that would equal to, correct?

22 A. Yes.

23 Q. That's --

24 A. Yes.

25 Q. That's fair, right?

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1 A. Yes.

2 Q. So when we're talking about distributive share,
3 we're talking about 56.8 percent of the LP, correct?

4 A. Yes.

5 Q. All right. So we have a document that shows that
6 she signed that you have in your records from her
7 that shows that she owned in 2005 56.8 percent of
8 the LP?

9 MS. WEISSENSTEIN:

10 Objection.

11 EXAMINATION CONTINUES BY MR. HAMMER:

12 Q. Based upon the distributive share becoming
13 percentage of the LP.

14 A. I have a document that shows that she was
15 distributed 56.8 percent of the items from 1634
16 Main, and she signed that she acknowledged that she
17 received those distributive shares.

18 Q. All right, so we know that she received, according
19 to her, the document that you have. That she
20 received the consideration she was supposed to
21 receive on this --

22 MS. WEISSENSTEIN:

23 Objection.

24 MR. HAMMER:

25 Thank you.

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1 EXAMINATION CONTINUES BY MR. HAMMER:

2 Q. We know that we have a document that shows that she
3 received what she was supposed to receive for this
4 planned exchange, the consideration; that is, she
5 was to receive this certain portion of the LP, and
6 she was to give a certain portion of the land,
7 correct?

8 MS. WEISSENSTEIN:

9 Objection.

10 WITNESS CONTINUES:

11 A. That was the plan.

12 Q. All right. We know that she acknowledged that she
13 received what she was supposed to receive?

14 MS. WEISSENSTEIN:

15 Objection.

16 WITNESS CONTINUES:

17 A. She acknowledged that she was receiving the
18 distributive share by signing the 8879 form.

19 Q. You have no information as to whether or not the
20 other side of that equation took place; that is,
21 whether or not she transferred, as the tax attorney
22 had planned, the 52.75 percent for which she was
23 receiving the distributive share that you've talked
24 about.

25 A. Uh-uh.

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1 Q. You have no information of that?

2 A. I have no information that that was transferred in.

3 Q. All right, but we do know that she acknowledged that
4 she received her portion of the consideration?

5 MS. WEISSENSTEIN:

6 Objection, asked and answered.

7 MR. HAMMER:

8 Thank you. Let's go off the record for a moment.

9 (OFF RECORD)

10 EXAMINATION CONTINUES BY MR. HAMMER:

11 Q. Mr. Ackerman, do you feel that you've been harassed
12 in any way by any of the questions I've asked?

13 A. I don't feel like I have been harassed.

14 Q. All right, thank you very much. Mr. Ackerman, so
15 getting back to the point, we have documentation
16 that she acknowledged that she received what she was
17 supposed to receive from what the tax lawyer had
18 proposed in 2001 or 2002; is that correct?

19 MS. WEISSENSTEIN:

20 Objection.

21 WITNESS CONTINUES:

22 A. Yes. The return -- your individual return shows
23 that she was getting her 56.6 percent, which was the
24 increase from the eight percent to -- that she had
25 previous to the planned transaction.

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1 Q. She signed and acknowledged that?

2 A. She signed and acknowledged that she got those
3 distributive shares in 2005 and 2006.

4 Q. All right. You had no knowledge as to whether the
5 other leg of the transaction was completed; that is,
6 whether she signed the deed as was the plan to the
7 LP as she was supposed to do?

8 A. I do not.

9 Q. All right. Now, we went over a lot of things about
10 the ownership, and about the tax returns, and about
11 trying to explain how the capital account went from
12 one portion to the other, and you gave explanations
13 of that. Is there anything in any of these tax
14 returns would indicate that Mrs. Hammer did not
15 receive the 56.8 percent of the LP that she was
16 supposed to receive in 2005?

17 A. No.

18 Q. Does everything in the tax returns indicate to the
19 contrary that she did receive the 56.8 percent?

20 A. Yes.

21 Q. Since I'm not an accountant, and Stephanie's not an
22 accountant, we may not understand the term, but you
23 are the expert, and you're the one that is
24 explaining that these tax returns clearly show that
25 there is no question about her receipt; and the

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1 questions having to do with the cash balances, and
2 with the capital accounts and all of that are not
3 relevant to the question of how much she received,
4 and they don't impact, and they don't change the
5 fact of how much of an interest she received in the
6 LP; is that correct?

7 MS. WEISSENSTEIN:

8 Objection.

9 WITNESS CONTINUES:

10 A. I think the answer to that is yes. I mean the --
11 the tax returns reflect that she got an increase in
12 her percentage from eight percent to 56.6 percent;
13 and in exchange for transferring the -- the -- the
14 -- purportedly transferring of the dirt to the
15 partnership.

16 Q. All right, and you had understood that that was what
17 was supposed to take place, and you understood that
18 back in 2001 when the plan was initiated; is that
19 correct?

20 A. That is -- yes.

21 Q. All right.

22 MR. HAMMER:

23 Let me take a moment with Counsel, and see whether I
24 have any further questions.

25 (OFF RECORD)

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1 EXAMINATION CONTINUES BY MR. HAMMER:

2 Q. Mr. Ackerman, a couple more questions that I
3 realized I need to ask you. Book value does not
4 necessarily equate to an actual value of a piece of
5 property, does it?

6 A. Book value is -- is the tax value. It does not
7 equate in any way to fair market value.

8 Q. Let me do this, can we mark just the 2005 tax return
9 without the attachment that you're not responsible
10 for?

11 (Court Reporter marks Defendant's Exhibit Number 10, 2005
12 Tax Return, attached hereto.)

13 EXAMINATION CONTINUES BY MR. HAMMER:

14 Q. Now, I'm handing you Exhibit Number 10.

15 A. Okay.

16 Q. Is that from your company and solely your work from
17 your company?

18 A. Yes.

19 Q. Exhibit Number 3 included work that was not your
20 work from your company that you could not attest to;
21 is that correct?

22 A. That's correct.

23 Q. All right. Now, prior to Mrs. Hammer getting her
24 56.6 percent, she owned eight percent, correct?

25 A. She got an additional 48.6 percent --

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1 Q. So she owned eight percent?

2 A. Yes.

3 Q. Prior to her receiving her share, the shares were
4 owned by Alvin Hammer, correct?

5 A. Yes.

6 Q. By Stanley Hammer?

7 A. Yes.

8 Q. By Judith Hammer?

9 A. Yes.

10 Q. Those shares were reduced from whatever percentages
11 they were in 2004 to zero in 2005; is that correct?

12 A. Yes.

13 Q. Howard Hammer's share was reduced from 66 percent to
14 38 percent, correct?

15 MS. WEISSENSTEIN:

16 Object to the form.

17 EXAMINATION CONTINUES BY MR. HAMMER:

18 Q. That was in 2005, correct?

19 A. Yes.

20 Q. So Mrs. Hammer would have received all those
21 amounts, all those shares would have been part of
22 the basis that Mrs. Hammer would have gotten the
23 48.8 percent; is that right?

24 A. Yes.

25 MS. WEISSENSTEIN:

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1 Objection.

2 EXAMINATION CONTINUES BY MR. HAMMER:

3 Q. All right.

4 A. That -- that is what happens, repositioning of those
5 capital account balances.

6 Q. All right, so essentially what happened is that Mrs.
7 Hammer got the shares that the others had owned,
8 they were transferred to her; and when I say others,
9 the people we've just talked about, Alvin Hammer,
10 Stanley Hammer, Judith Hammer, and a portion of
11 Howard Hammer's shares were --

12 A. And SH5.

13 Q. -- and SH5, a portion of those shares were
14 repositioned to Mrs. Hammer to give her the increase
15 to the 48.8 percent; is that correct?

16 MS. WEISSENSTEIN:

17 Objection.

18 WITNESS CONTINUES:

19 A. The increase of 48.8 that got her to 56.6 -- or
20 56.8.

21 Q. Okay. Give me just a second. Stephanie asked a
22 question earlier. She started to ask the question,
23 do you know whether Mrs. Hammer knows what interest
24 she has? Would the Exhibit Number 8 and 9, the 8879
25 document indicate she knows what amount of shares

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- 1 she has?
- 2 A. That exhibit would only indicate that she would know
- 3 if she looked at the -- if she reviewed the return,
- 4 she would have seen that her distributive share had
- 5 increased.
- 6 Q. She would be able to calculate what she had -- what
- 7 that was; would she not?
- 8 MS. WEISSENSTEIN:
- 9 Objection.
- 10 WITNESS CONTINUES:
- 11 A. I don't know if she could do that or not.
- 12 Q. All right.
- 13 A. If she's capable of doing that.
- 14 Q. But the distributive share would show in layman's
- 15 terms the increase to the 56, we've established
- 16 that, to the 56.8 percent, correct?
- 17 A. Yes.
- 18 Q. So in layman terms, if she said that she
- 19 acknowledged that she'd read the joint return, and
- 20 the joint return shows, in layman's terms, I
- 21 understand you said the distributive share, but in
- 22 layman's terms, the 56.8 percent, and she says she's
- 23 read it, and she said it's true, then she would know
- 24 whether or not she had that increase based on this
- 25 document?

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1 A. Yes.

2 MS. WEISSENSTEIN:

3 Objection.

4 EXAMINATION CONTINUES BY MR. HAMMER:

5 Q. Is that a yes?

6 A. Yes, that's a yes.

7 Q. Thank you, and that document is Number 8 and Number
8 9, correct?

9 A. Yes.

10 Q. So we have her knowing twice; is that correct?

11 Acknowledging that she knows twice; is that correct?

12 A. Yes.

13 MS. WEISSENSTEIN:

14 Objection.

15 EXAMINATION CONTINUES BY MR. HAMMER:

16 Q. In Exhibit 8 and Exhibit 9?

17 A. Yes.

18 Q. All right.

19 MR. HAMMER:

20 I don't have any further questions at this time.

21 EXAMINATION BY MS. LIPSCOMB:

22 Q. Mr. Ackerman, have you ever given any seminars or
23 speeches concerning the tax planning or your
24 accounting abilities?

25 A. Well, yes.

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1 Q. I didn't say that very well.

2 A. I -- I --

3 Q. Did you ever give any teaching seminars?

4 A. Well, I -- I do a couple of things. I substitute
5 teach some at Winthrop University, but I also --
6 I've even spoken to the York County Bar about
7 different divorce tax issues.

8 Q. Have you ever been qualified as an expert before?

9 A. Yes.

10 Q. To the extent you've been asked any questions here
11 today that required an opinion, were your responses
12 made as to a reasonable degree of accounting
13 certainty?

14 A. Yes.

15 MS. LIPSCOMB:

16 For the record, I move Mr. Ackerman is as an expert
17 witness.

18 MS. WEISSENSTEIN:

19 Thank you, and consenting.

20 EXAMINATION CONTINUES BY MS. LIPSCOMB:

21 Q. Is it usual for a limited partnership to have a
22 reserve account; or is it not unusual?

23 A. It just depends on what the partnership is doing.

24 Q. Okay.

25 A. You know, whether we need to have a reserve for any

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1 kind of future contingency that -- that a particular
2 company or industry might have.

3 Q. So if the limited partnership agreement provides
4 that the general partner can require a reserve, or
5 believes the limited partnership needs a reserve, it
6 would be appropriate for the reserve account to be
7 set up, wouldn't it?

8 A. Sure.

9 Q. Is it normal for the general partner to make
10 assessment for repairs and maintenance and upkeep of
11 the property?

12 A. It -- it would be normal for the general partner to
13 do that, and also get help from his managing company
14 to help make those assessments.

15 Q. In fact, if those repairs or maintenance are
16 necessary to maintain one of the main assets of the
17 limited partnership, wouldn't that be almost part of
18 his duties?

19 A. Well, it'd be his duty as a -- I guess as a managing
20 partner to inform all the members of issues and
21 problems that might be arising.

22 Q. Do you have any doubt that Ms. Hammer believes she
23 had 56.8 percent of the partnership?

24 MS. WEISSENSTEIN:

25 Objection.

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1 WITNESS CONTINUES:

2 A. I would believe that she would know she had that
3 percentage not only from 2005 and 2006, but she's
4 been filing tax returns all the way through 2011.

5 Q. okay.

6 A. And --

7 Q. In one of the 2011 pages that were in a tax return,
8 can you just find any document in those pages that
9 indicate that Ms. Hammer had a 56.8 --

10 A. Yeah, you have it on top.

11 Q. oh.

12 MS. WEISSENSTEIN:

13 Susan, you said this is a 2011 tax return. A tax
14 return for whom?

15 MS. LIPSCOMB:

16 It is for the 1634 Main LP.

17 MS. WEISSENSTEIN:

18 Uh-huh.

19 MS. LIPSCOMB:

20 It's Bates labeled, I produced a disk, just to make
21 it easy, it's Bates labeled Main 203.

22 MS. WEISSENSTEIN:

23 Thank you.

24 MS. LIPSCOMB:

25 Can we get that marked?

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1 (Court Reporter marks Plaintiff's Exhibit Number 1, 2011
2 K-1, attached hereto.)

3 EXAMINATION CONTINUES BY MS. LIPSCOMB:

4 Q. I just want to clear up a couple of Mr. Hammer's
5 questions. He said that he had, and I think he
6 misspoke. Actually, when you were talking about the
7 reduction or the realignment of the partners, the
8 2005 shows a reduction of 63 percent to 37.8
9 percent, correct?

10 A. Correct.

11 Q. Okay.

12 A. I don't think he said that, but --

13 Q. I think it was just a little off. Then it shows a
14 reduction of David Hammer's interest from eight
15 percent to 4.77 percent, correct?

16 A. Yes.

17 Q. It's page 19 of Exhibit 3.

18 A. You're getting good at reading these.

19 Q. Sir?

20 A. You're getting good at reading these forms.

21 Q. Yeah. Then Mr. Alvin Hammer's, it shows on page 20
22 that he basically was bought out; is that correct?

23 A. Yes.

24 Q. So all these reductions -- and then the same is true
25 with Stanley Hammer on page 21 of Exhibit 3?

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1 A. Yes.

2 Q. Then the same is also true of Judith Hammer on page
3 22 of Exhibit 3?

4 A. Yes.

5 Q. All right. The end result was those reductions in
6 partnership interest or ratios or distributable,
7 what is it?

8 A. Capital.

9 Q. -- Capital, yeah, went to enable Mrs. Hammer's
10 distributable interest -- or capital account to go
11 from eight percent to 56 --

12 A. Point eight.

13 Q. -- point eight; is that correct?

14 A. Yes.

15 Q. Okay. Can you identify what I am showing you that
16 starts with Main 040.

17 A. (Reviews document.) It's the 1634 Main partnership
18 for the year 2006.

19 MS. LIPSCOMB:

20 Can we mark that, please?

21 (Court Reporter marks Plaintiff's Exhibit Number 2, 2006
22 Limited Partnership Return, attached hereto.)

23 EXAMINATION CONTINUES BY MS. WEISSENSTEIN:

24 Q. This is Plaintiff's Exhibit 2. Does that appear
25 to be an accurate copy of the 2006 Limited

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1 Partnership --

2 A. (Reviews document.) It does.

3 Q. -- tax account?

4 A. It does.

5 Q. Was that prepared by your office?

6 A. It was.

7 Q. I'd like to move that into evidence. Also move

8 into evidence the 2005 that was previously marked

9 by Defendant as Defendant's 10. I'd like to move

10 into evidence Defendant's Exhibit 8. Let me just

11 ask it this way, with consent of co-counsel or

12 counsel.

13 MS. WEISSENSTEIN:

14 Counsel.

15 MS. LIPSCOMB:

16 Counsel, okay.

17 EXAMINATION CONTINUES BY MS. LIPSCOMB:

18 Q. Are all the documents that you've reviewed today

19 that were prepared by you or authored by you or your

20 firm, were they, to the best of your knowledge, true

21 and accurate?

22 A. The best of my knowledge they're -- they're

23 accurate.

24 Q. Okay.

25 MS. LIPSCOMB:

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1 All right, I'd like to move in all the exhibits.

2 MS. WEISSENSTEIN:

3 No objection.

4 MS. LIPSCOMB:

5 Let's see, where's the 2006 guy?

6 EXAMINATION CONTINUES BY MS. LIPSCOMB:

7 Q. Plaintiff's Exhibit 2, we established that that was
8 a true and accurate copy?

9 A. Yes.

10 Q. All right, and it reflects Mrs. Hammer owning a 56.8
11 percent --

12 A. Yes.

13 Q. -- interest or distributable --

14 A. Yes, it does.

15 Q. All right. Will you look at this, and see if you
16 can identify that.

17 A. (Reviews document.) This is the 2007 partnership
18 return for 1634 Main LP, which was also prepared by
19 my firm.

20 Q. Does it appear to be true and accurate?

21 A. It does.

22 Q. Does it reflect that Mrs. Hammer had a 56.8
23 distributable interest or --

24 A. Yes, it does.

25 Q. -- share? What page is that on?

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- 1 A. I believe that your page numbers are --
- 2 Q. Main.
- 3 A. Oh, Main 000076.
- 4 Q. Thank you.
- 5 MS. LIPSCOMB:
- 6 Mark this as Plaintiff's Exhibit 3, and move it into
- 7 evidence.
- 8 (Court Reporter marks Plaintiff's Exhibit Number 3, 2007
- 9 Limited Partnership Return, attached hereto.)
- 10 EXAMINATION CONTINUES BY MS. LIPSCOMB:
- 11 Q. Can you identify this document?
- 12 A. (Reviews document.) This is a partnership return
- 13 for 2008, 1634 Main LP, prepared by my firm. And
- 14 this return, as well, shows Mrs. Hammer with a 56.8
- 15 percent interest in the partnership at the beginning
- 16 of the year and at the end of the year.
- 17 Q. Does that appear to be a true and accurate copy?
- 18 A. Yes, it does.
- 19 Q. Okay.
- 20 MS. LIPSCOMB:
- 21 That will be Plaintiff's 4, and we move it into
- 22 evidence.
- 23 (Court Reporter marks Plaintiff's Exhibit Number 4, 2008
- 24 Limited Partnership Return, attached hereto.)
- 25 MS. WEISSENSTEIN:

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1 Susan, I'll stipulate that --

2 MS. LIPSCOMB:

3 I only have one more.

4 MS. WEISSENSTEIN:

5 Okay. I was going to say all the exhibits can be

6 evidence.

7 MS. LIPSCOMB:

8 All right.

9 EXAMINATION CONTINUES BY MS. LIPSCOMB:

10 Q. Can you identify --

11 A. 2009 is the Return Partnership Income for 1634 Main

12 LP. And, again, this return was prepared by my

13 firm, and it has the K-1s attached. And Mrs. Hammer

14 owned a 56.8 percent interest at the beginning and

15 the end of the year.

16 Q. And what page are you looking at, that K-1? Bates

17 Number.

18 A. Bates Number Main number 000124.

19 Q. Thank you.

20 MS. LIPSCOMB:

21 Mark that as --

22 COURT REPORTER:

23 Five.

24 MS. LIPSCOMB:

25 Five, and move it into evidence.

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1 (Court Reporter marks Plaintiff's Exhibit Number 5, 2009
2 Limited Partnership Return, attached hereto.)

3 MR. HAMMER:

4 Is that ten or 11? Ten or 11?

5 MS. LIPSCOMB:

6 That's five, Plaintiff's 5.

7 MR. HAMMER:

8 No, no.

9 COURT REPORTER:

10 2009.

11 MS. LIPSCOMB:

12 Oh, that's 2009, I don't have 2000 --

13 MR. HAMMER:

14 '10, but you have '11?

15 WITNESS:

16 She has already put '11 in there.

17 MS. LIPSCOMB:

18 But we just put the K-1.

19 MR. HAMMER:

20 We put '11 already in there.

21 MS. LIPSCOMB:

22 Yes.

23 MR. HAMMER:

24 Okay.

25 MS. LIPSCOMB:

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1 It is Exhibit Plaintiff's 1.

2 MR. HAMMER:

3 Okay, yeah, I wasn't sure. I'm sorry.

4 EXAMINATION CONTINUES BY MS. LIPSCOMB:

5 Q. All right, Ms. Weissenstein asked you what the
6 difference was between a trial balance and a year-
7 to-date operating statement, and I didn't understand
8 your answer, I'm sorry.

9 A. It's the format of the -- of the statement -- an
10 operating statement is in an income statement format
11 where you put the income minus the expenses, and you
12 come to the net income. A trial balance includes
13 all of the accounts.

14 Q. I see.

15 A. Not only income and expense accounts, but also
16 balance sheet accounts.

17 Q. Got you. Thank you.

18 MS. WEISSENSTEIN:

19 I'm going to ask you to repeat that one more time.

20 Trial balance equals --

21 WITNESS CONTINUES:

22 A. Trial balance is an accumulation of all the accounts
23 of the entity including not only income and expense
24 accounts that you have in an operating statement,
25 but also the balance sheet accounts.

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1 EXAMINATION CONTINUES BY MS. LIPSCOMB:

2 Q. I want to ask you to look at what was marked as
3 Defendant's Exhibit 6. Tell me, again, what that
4 is.

5 A. (Reviews document.) This is a schedule taken from
6 Mr. and Mrs. Hammer's income tax returns that show
7 income from pass-through entities that is on their
8 return. And this particular statement is the pass-
9 through income coming from 1634 Main. And it shows
10 that for Mrs. Hammer, the 1634 Main income for 2004
11 was \$4,690 of distributive rental income. And the
12 income for 2005 was \$33,542.

13 Q. Would that be, in your opinion, based on an increase
14 in the proportion of distributable shares?

15 A. Most definitely, that is the reason.

16 Q. Is this document something that would be attached to
17 the individual joint returns?

18 A. (Indicated affirmative response.)

19 Q. Yes?

20 A. Yes. Sorry.

21 Q. What is page three of Exhibit 6?

22 A. (Reviews document.) It's -- it's -- again, it's
23 part of the pass-through for Shirley Hightower for
24 -- for 2006.

25 Q. And --

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- 1 A. It's showing the net -- the -- the net rental
2 income.
- 3 Q. Then what is page four of Exhibit 6?
- 4 A. Which way we going? I have to figure out which
5 direction.
- 6 Q. It's the last page.
- 7 A. (Reviews document.) And this is the income for 2000
8 -- 2006.
- 9 Q. Okay.
- 10 A. It's the interest income, the depreciation. This is
11 -- this is --
- 12 Q. Does that have anything to do with 1634 Main?
- 13 A. It does, but it's not the -- the -- it's just the --
14 it's just pieces of your first two.
- 15 Q. Would you call it backup?
- 16 A. We'll call it backup.
- 17 Q. Okay.
- 18 A. Yeah.
- 19 Q. Thank you. Thank you. Would you look, please, at
20 page 13 of Defendant's Exhibit 3? What I'm going to
21 ask you is it appears that there are numbers besides
22 the various partners, one, two, five, six, seven,
23 eight and nine. You earlier testified that one way
24 to tell about which number was which, for purposes
25 of page number 12, was look the order at which the

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- 1 K-1s ran.
- 2 A. (Reviews document.) Yeah.
- 3 Q. Would this be another way?
- 4 A. This is just a summary --
- 5 Q. Yes.
- 6 A. -- to make sure we add up to 100 percent.
- 7 Q. Yes.
- 8 A. And then the summary refers back to partner number
- 9 one, and then partner number one is on top of the K-
- 10 1.
- 11 Q. I see, okay.
- 12 A. So we know that partner number one is SH5, LLC, and
- 13 partner number two is Howard Hammer.
- 14 Q. Partner number three?
- 15 A. Partner number three is no longer there.
- 16 Q. Partner number four?
- 17 A. It's -- it's no longer there.
- 18 Q. Partner number five?
- 19 A. That's Shirley Hightower, and then you'll see her
- 20 number on top of that (indicating).
- 21 Q. I see it. The top of the page. You're pointing at
- 22 the top of the page --
- 23 A. Of --
- 24 Q. -- of page number 18 at the top left corner.
- 25 A. Exhibit Number 5, yeah, and that refers back to her

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1 lead sheet.

2 Q. All right, thank you.

3 A. Okay.

4 MR. HAMMER:

5 What number page is that lead sheet?

6 MS. LIPSCOMB:

7 That what sheet?

8 MR. HAMMER:

9 The lead sheet that you --

10 EXAMINATION CONTINUES BY MS. LIPSCOMB:

11 Q. Oh, the lead sheet?

12 A. It's page 12.

13 MR. HAMMER:

14 Thank you.

15 MS. LIPSCOMB:

16 All right. Thank you very much.

17 MS. WEISSENSTEIN:

18 I just have a couple.

19 WITNESS:

20 I hope so.

21 REEXAMINATION BY MS. WEISSENSTEIN:

22 Q. There was a lot of questioning by Mr. Hammer
23 regarding the general partner for 1634 Main, which
24 is SH5, LLC, and your knowledge of SH5, LLC. Just
25 for purposes of clarification, to your knowledge;

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1 since the beginning of time, or by that I mean, the
2 existence of SH5, LLC, who is the member of SH5,
3 LLC?

4 A. It's a single member, and to the best of my
5 knowledge, it was Howard Hammer.

6 Q. All right. You testified that you created the tax
7 returns --

8 A. Prepared.

9 Q. -- for Howard Hammer --

10 A. I -- I prepared.

11 Q. Prepared, I'm sorry, it's a term of art. Prepared
12 the tax returns for Shirley Hammer and Howard Hammer
13 jointly in 2005 and 2006. Did you prepare any tax
14 returns for Shirley Hammer after 2006?

15 A. No, I did not.

16 Q. Plaintiff just introduced into evidence a bunch of
17 tax returns that were prepared by your firm for
18 2007, 2008, 2009 and 2011. Were those the tax
19 returns for 1634 Main LP?

20 A. Yes.

21 Q. To your knowledge, well, do you have any specific
22 knowledge that Shirley Hammer ever received a copy
23 of any of those tax returns?

24 A. I do not.

25 Q. To clarify, the exhibits that were signed by Shirley

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1 Hammer, or that we're stipulating were signed by
2 Shirley Hammer, and were identified as Number 8 and
3 Number 9, which is the --

4 A. Form 8879.

5 Q. -- the E-signature thing, does that form indicate
6 only that she received a copy of the tax return, and
7 to the best of her knowledge, what's in that tax
8 return is true?

9 MS. LIPSCOMB:

10 I object to the form of the question.

11 EXAMINATION CONTINUES BY MS. WEISSENSTEIN:

12 Q. You can answer.

13 A. The answer to that question is yes, and --

14 Q. Okay.

15 A. And then --

16 Q. So --

17 MR. HAMMER:

18 Let him finish, please.

19 WITNESS CONTINUES:

20 A. But -- but it also says that under penalties of
21 perjury that she has reviewed that tax return, and
22 she -- well, she has a knowledge of what is in that
23 tax return.

24 Q. Okay.

25 A. That's what this form really says.

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1 Q. Essentially, my question is this, that form does not
2 equal or create any sort of acknowledgement of
3 receipt of actual consideration --

4 MR. HAMMER:

5 Object to the form of the question.

6 MS. LIPSCOMB:

7 I join in the objection.

8 EXAMINATION CONTINUES BY MS. WEISSENSTEIN:

9 Q. In other words, that form says --

10 A. She got -- she got the tax returns, so --

11 Q. -- I saw the tax return. Okay, thank you. In the
12 preparation of these tax returns for 1634 Main LP,
13 where it shows throughout that Shirley is supposed
14 to be or supposed to have received a distributional
15 interest of the -- what is it, 57 point -- 56.8
16 percent, --

17 A. There you go.

18 Q. -- did you ever receive any documentation
19 establishing or showing that she did receive that 56
20 percent?

21 MR. HAMMER:

22 I object to the form of the question for the use of
23 the word suppose. The tax return would show that
24 she received it.

25 WITNESS CONTINUES:

Deposition of Bernard N. Ackerman, CPA

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- 1 A. Only the Form 8879 that she filed.
- 2 Q. There were a bunch of questions about a plan back in
3 2000, 2001, regarding the real property at 1634
4 Main, and Mrs. Hammer's share of it as to the
5 partnership. Did you review that contract or plan
6 today or within the last six months?
- 7 A. No.
- 8 Q. Did you have any direct participation or
9 conversation with Shirley about this plan?
- 10 A. Not with Shirley, but I did back in 2001 or 2002, I
11 did talk to the tax attorney, because I wanted to
12 understand what was going on. And that's when he
13 explained that she was buying a percentage of the
14 dirt, and not a partnership interest at that time.
- 15 Q. Do you know whether or not Shirley Hammer ever
16 received any documentation regarding the business of
17 1634 Main?
- 18 A. I do not know.
- 19 Q. To clarify, these tax returns that we've all looked
20 at today were prepared based on information given to
21 your firm by Howard Hammer or Marion Turbeville?
- 22 A. Yes.
- 23 Q. Okay. I believe that we stipulated that the
24 exhibits to the deposition would be moved into
25 evidence. I guess -- I note that your objection to

Deposition of Bernard N. Ackerman, CPA

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1 the subpoena, and we can discuss that at the trial.

2 MR. HAMMER:

3 Yes, we will.

4 MS. WEISSENSTEIN:

5 Okay.

6 MS. WEISSENSTEIN:

7 I believe, sir, that I have nothing else for
8 you.

9 REEXAMINATION BY MR. HAMMER:

10 Q. On Defendant's Exhibit Number 2, which was
11 introduced into evidence, was a letter to Mr. Wally
12 Moring, who we understand to be Mrs. Hammer's
13 accountant and still to be Mrs. Hammer's accountant,
14 setting forth the -- giving him the 2005, 2010 K-1
15 tax returns, in case, for some reason, Ms. Hammer
16 had lost them, or not gotten them for some reason,
17 and had gotten them, and lost them, and hadn't given
18 them to him for some reason, this is what was sent
19 to him in 2011, correct?

20 MS. WEISSENSTEIN:

21 Objection.

22 WITNESS CONTINUES:

23 A. Based on that letter.

24 Q. Did --

25 A. This is the first time I've seen that letter.

Deposition of Bernard N. Ackerman, CPA

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1 Q. All right, but based on this --

2 A. Based on that letter.

3 Q. Did you ever receive any call from Mr. Moring
4 telling you that Ms. Hammer did not own the 56.8
5 percent as shown in the --

6 A. No, I had no communication with Mr. Moring.

7 Q. So he never called you to deny that she owned the
8 56.8 percent that is shown in the K-1 forms that
9 were sent to him according to this Exhibit Number 2;
10 is that correct?

11 A. I had no communication with Mr. Moring. I,
12 personally, had no communication.

13 Q. Which means that he didn't call you to deny
14 that?

15 A. He did not.

16 Q. Is that --

17 A. Yes.

18 Q. Is that correct?

19 A. Yes. Okay.

20 MS. WEISSENSTEIN:

21 Objection.

22 REEXAMINATION CONTINUES BY MR. HAMMER:

23 Q. All right. It seems like there was something I
24 wanted to ask.

25 A. I hope not.

Deposition of Bernard N. Ackerman, CPA

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1 Q. Just give me a second, if you don't mind, you asked
2 one question, that I didn't write down, and was
3 going to remember it.

4 (OFF RECORD)

5 MR. HAMMER:

6 For the record, we have stipulated that Mr. Madden
7 nor Mr. Alan Medlin are going to be witnesses called
8 by your side in the trial next week.

9 MS. WEISSENSTEIN:

10 Howard, I have not participated in any of those
11 communication, which I'm understanding have been
12 continuing all day. Last I heard was that Mr.
13 Madden and Mr. Medlin would not be called at trial
14 because --

15 MR. HAMMER:

16 Whatever the reason is, there was a letter to us
17 saying that, and I just wanted to clarify that that
18 was the stipulation.

19 MS. WEISSENSTEIN:

20 To my knowledge, that is the plan.

21 MR. HAMMER:

22 Okay, thank you. Give me just a moment before we
23 close to try to think of the --

24 (OFF RECORD)

25 REEXAMINATION CONTINUES BY MR. HAMMER:

Deposition of Bernard N. Ackerman, CPA

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- 1 Q. Mr. Ackerman, I remember what the question was. You
2 were asked something to the effect that you received
3 information from Mr. Hammer or Mr. Turbeville in
4 connection with the preparation of the tax returns.
5 Would it be accurate to say that your office and
6 your firm would verify that information before
7 preparing the tax returns?
- 8 A. I'm not sure what you mean by verify because we
9 don't audit.
- 10 Q. But --
- 11 A. But -- but what we would do is make sure the -- the
12 information we received was reasonable based on
13 previous years.
- 14 Q. Was reasonable and added up and was accurate in
15 terms of what you were seeing?
- 16 A. Yes.
- 17 Q. I believe you did say that you received not only the
18 information from Mr. Turbeville and/or Mr. Hammer,
19 but I believe you also said you received actual bank
20 statements?
- 21 A. I think in certain situations where we just needed
22 to look at statements by people that asked
23 Turbeville to maybe send copies of checks or
24 something like that.
- 25 Q. That would have been a method of verification of

1 accuracy?

2 A. Determining what an expenditure was for and what a
3 receivable was for.

4 MR. HAMMER:

5 Thank you very much.

6 (There being no further questions, the deposition was
7 concluded at 7:44 p.m.)

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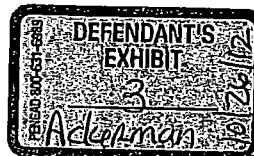
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1065 Form Department of the Treasury Internal Revenue Service		U.S. Return of Partnership Income For calendar year 2005, or tax year beginning _____ and ending _____ Extension Granted to 10/16/06		OMB No. 1545-0049 2005																																																																																																												
A Principal business activity Rental B Principal product or service Real Estate C Business code number 531120		Name of partnership 1634 Main, LP Number, street, and room or suite no. If a P.O. box, see the instructions. P.O. Box 1421 City or town, state, and ZIP code Columbia, SC 29201-1421		D Employer identification number 30-0070876 E Date business started 01/01/2001 F Total assets \$ 308,068.																																																																																																												
Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____ Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year 7																																																																																																																
Caution: Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.																																																																																																																
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td rowspan="2" style="width: 10%; text-align: center; vertical-align: middle;">Income</td> <td style="width: 60%;">1a Gross receipts or sales</td> <td style="width: 10%; text-align: center;">1a</td> <td style="width: 20%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>1b Less returns and allowances</td> <td style="text-align: center;">1b</td> <td></td> <td style="text-align: center;">1c</td> </tr> <tr> <td>2</td> <td>Cost of goods sold (Schedule A, line 8)</td> <td style="text-align: center;">2</td> <td></td> <td></td> </tr> <tr> <td>3</td> <td>Gross profit. Subtract line 2 from line 1a</td> <td style="text-align: center;">3</td> <td></td> <td></td> </tr> <tr> <td>4</td> <td>Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)</td> <td style="text-align: center;">4</td> <td></td> <td></td> </tr> <tr> <td>5</td> <td>Net farm profit (loss) (attach Schedule F (Form 1040))</td> <td style="text-align: center;">5</td> <td></td> <td></td> </tr> <tr> <td>6</td> <td>Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)</td> <td style="text-align: center;">6</td> <td></td> <td></td> </tr> <tr> <td>7</td> <td>Other income (loss) (attach schedule) See Statement 1</td> <td style="text-align: center;">7</td> <td></td> <td style="text-align: right;">1,497.</td> </tr> <tr> <td>8</td> <td>Total income (loss). Combine lines 3 through 7</td> <td style="text-align: center;">8</td> <td></td> <td style="text-align: right;">1,497.</td> </tr> <tr> <td rowspan="12" style="text-align: center; vertical-align: middle;">Deductions (see instructions for limitations)</td> <td>9</td> <td>Salaries and wages (other than to partners) (loss employment credits)</td> <td style="text-align: center;">9</td> <td></td> </tr> <tr> <td>10</td> <td>Guaranteed payments to partners</td> <td style="text-align: center;">10</td> <td></td> </tr> <tr> <td>11</td> <td>Repairs and maintenance</td> <td style="text-align: center;">11</td> <td></td> </tr> <tr> <td>12</td> <td>Bad debts</td> <td style="text-align: center;">12</td> <td></td> </tr> <tr> <td>13</td> <td>Rent</td> <td style="text-align: center;">13</td> <td></td> </tr> <tr> <td>14</td> <td>Taxes and licenses</td> <td style="text-align: center;">14</td> <td></td> </tr> <tr> <td>15</td> <td>Interest</td> <td style="text-align: center;">15</td> <td></td> </tr> <tr> <td>16a</td> <td>Depreciation (If required, attach Form 4602)</td> <td style="text-align: center;">16a</td> <td></td> </tr> <tr> <td>16b</td> <td>Less depreciation reported on Schedule A and elsewhere on return</td> <td style="text-align: center;">16b</td> <td></td> </tr> <tr> <td>17</td> <td>Depletion (Do not deduct oil and gas depletion.)</td> <td style="text-align: center;">17</td> <td></td> </tr> <tr> <td>18</td> <td>Retirement plans, etc.</td> <td style="text-align: center;">18</td> <td></td> </tr> <tr> <td>19</td> <td>Employee benefit programs</td> <td style="text-align: center;">19</td> <td></td> </tr> <tr> <td>20</td> <td>Other deductions (attach schedule)</td> <td style="text-align: center;">20</td> <td></td> </tr> <tr> <td>21</td> <td>Total deductions. Add the amounts shown in the far right column for lines 9 through 20</td> <td style="text-align: center;">21</td> <td></td> <td></td> </tr> <tr> <td>22</td> <td>Ordinary business income (loss). Subtract line 21 from line 8</td> <td style="text-align: center;">22</td> <td></td> <td style="text-align: right;">1,497.</td> </tr> </table>						Income	1a Gross receipts or sales	1a			1b Less returns and allowances	1b		1c	2	Cost of goods sold (Schedule A, line 8)	2			3	Gross profit. Subtract line 2 from line 1a	3			4	Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)	4			5	Net farm profit (loss) (attach Schedule F (Form 1040))	5			6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6			7	Other income (loss) (attach schedule) See Statement 1	7		1,497.	8	Total income (loss). Combine lines 3 through 7	8		1,497.	Deductions (see instructions for limitations)	9	Salaries and wages (other than to partners) (loss employment credits)	9		10	Guaranteed payments to partners	10		11	Repairs and maintenance	11		12	Bad debts	12		13	Rent	13		14	Taxes and licenses	14		15	Interest	15		16a	Depreciation (If required, attach Form 4602)	16a		16b	Less depreciation reported on Schedule A and elsewhere on return	16b		17	Depletion (Do not deduct oil and gas depletion.)	17		18	Retirement plans, etc.	18		19	Employee benefit programs	19		20	Other deductions (attach schedule)	20		21	Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21			22	Ordinary business income (loss). Subtract line 21 from line 8	22		1,497.
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Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge. Signature of general partner or limited liability company member _____ Date _____ May the IRS discuss this return with the preparer shown below (see instr.) ☒ Yes ☐ No																																																																																																																
Paid Preparer's Use Only Preparer's signature Bernard N. Ackerman, CPA, P.A. Date _____ Firm's name (or yours if self-employed), address, and ZIP code 864 Riverview Road EIN 57-0707119 Rock Hill, SC 29730-2743 Phone no. 803-366-8371 Check if self-employed ☐																																																																																																																



Form 1065 (2005) **1634 Main, LP****30-0070876** Page 2**Schedule A Cost of Goods Sold** (see the instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) _____

- b Check this box if there was a write-down of "subnormal" goods as described in Regulations section 1.471-2(c) ☐
- c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐
- d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☐ No
- e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
- If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 What type of entity is filing this return? Check the applicable box:		
a ☐ Domestic general partnership		
b ☒ Domestic limited partnership		
c ☐ Domestic limited liability company		
d ☐ Domestic limited liability partnership		
e ☐ Foreign partnership		
f ☐ Other _____		
2 Are any partners in this partnership also partnerships?		X
3 During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment		X
4 Did the partnership file Form 8883, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(6)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8883 for more details		X
5 Does this partnership meet all three of the following requirements?		
a The partnership's total receipts for the tax year were less than \$250,000;		
b The partnership's total assets at the end of the tax year were less than \$800,000; and		
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1	X	
6 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions		X
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8 Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
9 At any time during calendar year 2005, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. _____		X
10 During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		X
11 Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under Elections Made By the Partnership in the instructions		X
12 Enter the number of Forms 8885, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return _____		

Designation of Tax Matters Partner (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP **SH5, LLC** Identity/no. number of TMP **248-76-0847**

Address of designated TMP **1634 Main Street**

Columbia, SC 29201

JWA
611011
12-20-05

Form 1065 (2005)

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2005.06000 1634 Main, LP

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Form 1085 (2006) 1634 Main, LP		30-0070876 Page 3	
Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	1,497.
	2 Net rental real estate income (loss) (attach Form 8826) See Statement 2	2	59,053.
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments	4	
	5 Interest income See Statement 3	5	9,946.
	6 Dividends: a Ordinary dividends	6a	
	b Qualified dividends	6b	
	7 Royalties	7	
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
Deductions	9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
	b Collectibles (28%) gain (loss)	9b	
	c Unrecaptured section 1250 gain (attach statement)	9c	
	10 Net section 1231 gain (loss) (attach Form 4797)	10	
	11 Other income (loss) (see instructions) Type	11	
	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 69(e)(2) expenditures: (1) Type (2) Amount	13c(2)	
	d Other deductions (see instructions) Type	13d	
	Self-Employment	14a Net earnings (loss) from self-employment	14a
b Gross farming or fishing income		14b	
c Gross nonfarm income		14c	9.
Credits & Credit Recapture	15a Low-income housing credit (section 42(f)(6))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3460)	15c	
	d Other rental real estate credits (see instructions) Type	15d	
	e Other rental credits (see instructions) Type	15e	
	f Other credits and credit recapture (see instructions) Type	15f	
Foreign Transactions	16a Name of country or U.S. possession	16a	
	b Gross income from all sources	16b	
	c Gross income sourced at partner level	16c	
	d Foreign gross income sourced at partnership level	16d	
	e Interest expense	16e	
	f Total foreign taxes (check one): Paid Accrued	16f	
	g Reduction in taxes available for credit (attach statement)	16g	
	h Other foreign tax information (attach statement)	16h	
	i Post-1986 depreciation adjustment	17a	<2,023.>
	j Adjusted gain or loss	17b	
Alternative Minimum Tax (AMT) Items	k Depletion (other than oil and gas)	17c	
	l Oil, gas, and geothermal properties - gross income	17d	
	m Oil, gas, and geothermal properties - deductions	17e	
	n Other AMT items (attach statement)	17f	
	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	
	19a Distributions of cash and marketable securities	19a	603,517.
	b Distributions of other property	19b	
	20a Investment income	20a	9,946.
Other Information	b Investment expenses	20b	
	c Other items and amounts (attach statement)		

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Form 1065 (2006)

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2005.06000 1634 Main, LP

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Page 4

Form 1085 (2005) 1634 Main, LP

30-0070876 Page 4

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 18 through 19d, and 19i. 70,496.						
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a General partners		444.				
b Limited partners			70,052.			

Note: Schedules L, M-1 and M-2 are not required if Question 5 of Schedule B is answered "Yes."

Schedule L Balance Sheets per Books

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		599,662.		25,359.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach statement)				
7 Mortgage and real estate loans				
8 Other investments (attach statement)				
9a Buildings and other depreciable assets	295,940.		295,940.	
b Less accumulated depreciation	60,897.	235,043.	72,294.	223,646.
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)		59,063.		59,063.
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach statement)				
14 Total assets		893,768.		308,068.
Liabilities and Capital				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach statement)		52,680.		
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach statement)				
21 Partners' capital accounts		841,088.		308,068.
22 Total liabilities and capital		893,768.		308,068.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

1 Net income (loss) per books	70,497.	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 6, 8a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13d, and 16i, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16i (itemize):		a Depreciation \$	
a Depreciation \$		Stmt 7	1.
b Travel and entertainment \$		8 Add lines 6 and 7	1.
5 Add lines 1 through 4	70,497.	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	70,496.

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	841,088.	6 Distributions: a Cash	603,517.
2 Capital contributed: a Cash	0.	b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	70,497.	8 Add lines 6 and 7	603,517.
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 3	308,068.
5 Add lines 1 through 4	911,585.		

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 12-29-05 JWA
 17190822 758692 3459

2005.06000 1634 Main, LP

Form 1085 (2005)
3459 1

Form 8825 Department of the Treasury Internal Revenue Service	Rental Real Estate Income and Expenses of a Partnership or an S Corporation ▶ See Instructions on page 2. ▶ Attach to Form 1065, Form 1065-B, or Form 1120S.	OMB No. 1545-1168 2005
Name <u>1634 Main, LP</u>		Employer identification number <u>301 0070876</u>
1 Show the kind and location of each property. See page 2 to list additional properties. A Office Building, Columbia, SC		
B _____		
C _____		
D _____		

	Properties			
	A	B	C	D
Rental Real Estate Income				
2 Gross rents	2 157,622.			
Rental Real Estate Expenses				
3 Advertising	3 864.			
4 Auto and travel	4			
5 Cleaning and maintenance	5 11,005.			
6 Commissions	6 2,052.			
7 Insurance	7 1,854.			
8 Legal and other professional fees	8			
9 Interest	9			
10 Repairs	10 16,661.			
11 Taxes	11 22,912.			
12 Utilities	12 21,878.			
13 Wages and salaries	13			
14 Depreciation (see instructions)	14 11,397.			
15 Other (Us) ▶ Stmt 8	15 9,946.			
16 Total expenses for each property. Add lines 3 through 15	16 98,569.			

17 Total gross rents. Add gross rents from line 2, columns A through H	17 157,622.								
18 Total expenses. Add total expenses from line 16, columns A through H	18 98,569.								
19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19								
20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a								
b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed: <table style="width: 100%; border: none;"> <tr> <td style="width: 40%;">(1) Name</td> <td style="width: 60%;">(2) Employer identification number</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> </table>		(1) Name	(2) Employer identification number	_____	_____	_____	_____	_____	_____
(1) Name	(2) Employer identification number								
_____	_____								
_____	_____								
_____	_____								
21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on: • Form 1065 or 1120S; Schedule K, line 2, or • Form 1065-B; Part I, line 4	21 59,053.								

1634 Main, LP

Form 8825 (2005)

Page 2

1 Show the kind and location of each property.

E _____

F _____

G _____

H _____

		Proportions			
		E	F	G	H
Rental Real Estate Income					
2 Gross rents	2				
Rental Real Estate Expenses					
3 Advertising	3				
4 Auto and travel	4				
5 Cleaning and maintenance	5				
6 Commissions	6				
7 Insurance	7				
8 Legal and other professional fees	8				
9 Interest	9				
10 Repairs	10				
11 Taxes	11				
12 Utilities	12				
13 Wages and salaries	13				
14 Depreciation (see instructions)	14				
15 Other (list) ►	15				
16 Total expenses for each property. Add lines 3 through 15	16				

JWA

Form 8825 (2005)

4562 Form (Rev. January 2005) Department of the Treasury Internal Revenue Service Name(s) shown on return	Depreciation and Amortization (Including Information on Listed Property) ▶ See separate instructions. ▶ Attach to your tax return.	OMB No. 1545-0072 2005 Attachment Sequence No. 07															
Business or activity to which this form relates Office Building, Columbia, SC		Identifying number 30-0070876															
Name(s) shown on return 1634 Main, LP																	
Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.																	
1 Maximum amount. See the instructions for a higher limit for certain businesses	1	105,000.															
2 Total cost of section 179 property placed in service (see instructions)	2																
3 Threshold cost of section 179 property before reduction in limitation	3	420,000.															
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4																
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5																
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">(a) Description of property</th> <th style="width: 25%;">(b) Cost (business use only)</th> <th style="width: 25%;">(c) Elected cost</th> </tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </table>			(a) Description of property	(b) Cost (business use only)	(c) Elected cost												
(a) Description of property	(b) Cost (business use only)	(c) Elected cost															
7 Listed property. Enter the amount from line 29	7																
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8																
9 Tentative deduction. Enter the smaller of line 5 or line 8	9																
10 Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10																
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11																
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12																
13 Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12	13																
Note: Do not use Part II or Part III below for listed property. Instead, use Part V.																	
Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)																	
14 Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property (other than listed property) placed in service during the tax year	14																
15 Property subject to section 168(g)(1) election	15																
16 Other depreciation (including ACRS)	16																
Part III MACRS Depreciation (Do not include listed property.) (See instructions.)																	
Section A																	
17 MACRS deductions for assets placed in service in tax years beginning before 2005	17	11,397.															
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ☐																	
Section B - Assets Placed in Service During 2005 Tax Year Using the General Depreciation System																	
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction											
18a 3-year property																	
b 5-year property																	
c 7-year property																	
d 10-year property																	
e 15-year property																	
f 20-year property																	
g 25-year property			25 yrs.		S/L												
h Residential rental property	/		27.5 yrs.	MM	S/L												
	/		27.5 yrs.	MM	S/L												
i Nonresidential real property	/		39 yrs.	MM	S/L												
	/			MM	S/L												
Section C - Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System																	
20a Class life					S/L												
b 12-year			12 yrs.		S/L												
c 40-year	/		40 yrs.	MM	S/L												
Part IV Summary (see instructions)																	
21 Listed property. Enter amount from line 28	21																
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	11,397.															
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23																

815281

81-55-06 LHA For Paperwork Reduction Act Notice, see separate instructions.

Form 4562 (2005) (Rev. 1-2008)

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2005.06000 1634 Main, LP

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Form 4562 (2005) (Rev. 1-2008) 1634 Main, LP

30-0070876 Page 2

Part V Listed Property (includes automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
 Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (f) of Section A, all of Section B, and Section O if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed?		☐ Yes ☐ No		24b If "Yes," is the evidence written?		☐ Yes ☐ No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction
25 Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO zone property placed in service during the tax year and used more than 60% in a qualified business use							25
26 Property used more than 60% in a qualified business use:							
		%					
		%					
		%					
27 Property used 60% or less in a qualified business use:							
		%				S/L -	
		%				S/L -	
		%				S/L -	
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28
29 Add amounts in column (i), line 28. Enter here and on line 7, page 1							29

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section O to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section O - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date placed in service	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2005 tax year:					
43 Amortization of costs that began before your 2005 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

616282/01-05-06

Form 4562 (2005) (Rev. 1-2008)

17190822 758692 3459

2005.06000 1634 Main, LP

3459 1

2005 DEPRECIATION AND AMORTIZATION REPORT
Office Building, Columbia, SC

R- 1

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
1	Building	01/01/01	SL	39.00	17	253,415.			253,415.	25,721.		6,498.
2	Land	01/01/01	L			59,063.			59,063.			0.
3	Carpet & Furnishings	01/01/01	200DB	5.00	17	42,525.			42,525.	35,177.		4,899.
	* Total Rental Depreciation					355,003.		0.	355,003.	60,898.	0.	11,397.

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01-09-00

(D) - Asset disposed

* IRC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

8.1

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2084

Worksheet for Figuring Net Earnings (Loss) From Self-Employment			
Name of partnership		Employer identification number	
1634 Main, LP		30-0070876	
1 a Ordinary income (loss) (Schedule K, line 1)	1a	1,497.	
b Net income (loss) from CERTAIN rental real estate activities	1b		
c Net income (loss) from other rental activities (Schedule K, line 3c)	1c		
d Net loss from Form 4787, Part II, line 17, included on line 1a above. Enter as a positive amount	1d		
e Other additions	1e		
f Combine lines 1a through 1e	1f	1,497.	
2 a Net gain from Form 4797, Part II, line 17, included on line 1a above	2a		
b Other subtractions	2b		
c Add lines 2a and 2b	2c		
3 a Subtract line 2c from line 1f. If line 1f is a loss, increase the loss on line 1f by the amount on line 2c	3a	1,497.	9.
b Part of line 3a allocated to limited partners, estates, trusts, corporations, exempt organizations, and IRAs	3b	1,488.	
c Subtract line 3b from line 3a	3c		
4 a Guaranteed payments to partners (Schedule K, line 4) derived from a trade or business as defined in section 1402(c)	4a		
b Part of line 4a allocated to individual limited partners for other than services and to estates, trusts, corporations, exempt organizations, and IRAs	4b		
c Subtract line 4b from line 4a	4c		
5 Net earnings (loss) from self-employment. Combine lines 3c and 4c. Enter here and on Schedule K, line 14a	5	9.	

1634 Main, LP

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30-0070876

Form 1065	Other Income	Statement	1
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Description	Amount
Other income	1,497.
Total to Form 1065, Line 7	1,497.

Schedule K	Net Income (Loss) from Rental Real Estate	Statement	2
------------	---	-----------	---

Description	Amount
Office Building, Columbia, SC	59,053.
Total to Schedule K, Line 2	59,053.

Schedule K	Interest Income	Statement	3
------------	-----------------	-----------	---

Description	U.S. Bonds	Other
Interest Income		9,946.
Total to Schedule K, Line 5		9,946.

Schedule L	Other Current Liabilities	Statement	4
------------	---------------------------	-----------	---

Description	Beginning of Tax Year	End of Tax Year
Amount due Stanley Hammer	4,215.	0.
Amount due Howard Hammer	33,188.	0.
Amount due Judith Hammer	2,107.	0.
Amount due Alvin Hammer	4,214.	0.
Amount due David Hammer	4,214.	0.
Amount due SH5, LLC	527.	0.
Amount due Shirley Hammer	4,215.	0.
Total to Schedule L, Line 17	52,680.	0.

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2005.06000 1634 Main, LP

Statement(s) 1, 2, 3, 4
3459__1

1634 Main, LP

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Form 1065	Partners' Capital Account Summary				Statement 5
Partner Number	Beginning Capital	Capital Contributed	Schedule M-2 Lns 3, 4 & 7	With- drawals	Ending Capital
1	9,401.		444.	938.	8,907.
2	529,253.		26,647.	419,567.	136,333.
5	67,208.		40,044.	7,497.	99,755.
6	67,209.		3,362.	7,498.	63,073.
7	67,207.		0.	67,207.	0.
8	67,208.		0.	67,208.	0.
9	33,602.		0.	33,602.	0.
Total	841,088.		70,497.	603,517.	308,068.

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2005.06000 1634 Main, LPStatement(s) 5
3459 1

1634 Main, LP

Page13

30-0070876

Form 1065 Summary of Partners' Effective Ratios Statement 6

Partner No.	Name of Partner	Computed Percentage
1	SH5, LLC	.006300000
2	Howard Hammer	.378000000
5	Shirley Hightower	.568000000
6	David Hammer	.047700000
7	Alvin Hammer	.000000000
8	Stanley Hammer	.000000000
9	Judith Hammer	.000000000
Total		<u>1.000000000</u>

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2005.06000 1634 Main, LP

Statement(s) 6
3459__1

1634 Main, LP

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30-0070876

Schedule M-1	Deductions on Return Not Charged Against Books	Statement	7
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Description	Amount
Other miscellaneous deductions	1.
Total to Schedule M-1, Line 7	1.

Other Rental Expenses	Statement	8
-----------------------	-----------	---

Property: Office Building, Columbia, SC

Description	Amount
Water & Sewer	1,063.
Security	708.
Professional Fees	8,175.
Total to Rental Schedule, Line 15	9,946.

17190822 758692 3459

 12
 2005.06000 1634 Main, LP

 Statement(s) 7, 8
 3459__1

ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

Asset No.	Description	Date Acquired	AMT Method	AMT Life	AMT Cost Or Basis	AMT Accumulated	Regular Depreciation	AMT Depreciation	AMT Adjustment
1	Building	01/01/01	SL	40.00	253,415.	25,078.	6,498.	6,335.	163.
2	Land	01/01/01			59,063.	0.	0.	0.	0.
3	Carpet & Furnishings	01/01/01	150DB	5.00	42,525.	31,898.	4,899.	7,085.	<2,186.>
	Totals				355,003.	56,976.	11,397.	13,420.	<2,023.>
	MACRS AMT Adjustment							<2,023.>	

528104
05-01-05

651105

Schedule K-1
(Form 1085)

For calendar year 2005, or tax

2005

☐ Final K-1☐ Amended K-1

OMB No. 1545-0089

Department of the Treasury
Internal Revenue Serviceyear beginning _____
ending _____**Partner's Share of Income, Deductions,
Credits, etc.**

See separate instructions.

Part I Information About the Partnership		Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items	
A Partnership's employer identification number 30-0070876		1 Ordinary business income (loss) 9.	15 Credits & credit recapture
B Partnership's name, address, city, state, and ZIP code 1634 Main, LP P.O. Box 1421 Columbia, SC 29201-1421		2 Net rental real estate income (loss) 372.	16 Foreign transactions
C IRS Center where partnership filed return Cincinnati, OH		3 Other net rental income (loss)	
D ☐ Check if this is a publicly traded partnership (PTP)		4 Guaranteed payments	
E ☐ Tax shelter registration number, if any		5 Interest income 63.	
F ☐ Check if Form 8271 is attached		6a Ordinary dividends	17 Alternative min tax (AMT) items <13.>
		6b Qualified dividends	
		7 Royalties	
		8 Net short-term capital gain (loss)	18 Tax-exempt income and nondeductible expenses
		8a Net long-term capital gain (loss)	
		9a Collectibles (28%) gain (loss)	19 Distributions 938.
		9b Unrecaptured sec 1260 gain	
		10 Net section 1231 gain (loss)	20 Other information 63.
		11 Other income (loss)	
		12 Section 179 deduction	
		13 Other deductions	
		14 Self-employment earnings (loss) 9.	
		C 9.	
		* See attached statement for additional information.	
Part II Information About the Partner G Partner's identification number H Partner's name, address, city, state, and ZIP code SH5, LLC 1634 Main Street Columbia, SC 29201 I ☒ General partner or LLO ☐ Limited partner or other LLO member-manager member J ☒ Domestic partner ☐ Foreign partner K What type of entity is this partner? Individual L Partner's share of profit, loss, and capital: Beginning Ending Profit 1.0000000% 0.6300000% Loss 1.0000000% 0.6300000% Capital 1.0000000% 0.6300000% M Partner's share of liabilities at year end: Nonrecourse \$ Qualified nonrecourse financing \$ Recourse \$ 0. N Partner's capital account analysis: Beginning capital account \$ 9,401. Capital contributed during the year \$ Current year increase (decrease) \$ 444. Withdrawals & distributions \$ 938. Ending capital account \$ 8,907. ☒ Tax basis ☐ GAAP ☐ Section 704(b) book ☐ Other (explain)		For IRS Use Only Schedule K-1 (Form 1085) 2005	

JWA For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1085.

Schedule K-1 (Form 1085) 2005

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01-11-06

17190822 758692 3459

13
2005.06000 1634 Main, LP1
3459 1

651105

Schedule K-1
(Form 1065)

2005

☐ Final K-1☐ Amended K-1

OMB No. 1545-0049

Department of the Treasury
Internal Revenue Service

For calendar year 2005, or tax

year beginning

ending

Partner's Share of Income, Deductions,
Credits, etc.

See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number

30-0070876

B Partnership's name, address, city, state, and ZIP code

1634 Main, LP
P.O. Box 1421
Columbia, SC 29201-1421

C IRS Center where partnership filed return

Cincinnati, OH

D ☐ Check if this is a publicly traded partnership (PTP)E ☐ Tax shelter registration number, if anyF ☐ Check if Form 8271 is attached**Part II Information About the Partner**

G Partnership's identification number

H Partner's name, address, city, state, and ZIP code

Howard Hammer
1634 Main Street
Columbia, SC 29201I ☐ General partner or LLC☒ Limited partner or other LLC

member-manager

member

J ☒ Domestic partner☐ Foreign partnerK What type of entity is this partner? Individual

L Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	63.0000000%	37.8000000%
Loss	63.0000000%	37.8000000%
Capital	63.0000000%	37.8000000%

M Partner's share of liabilities at year end:

Nonrecourse	\$	
Qualified nonrecourse financing	\$	
Recourse	\$	0.

N Partner's capital account analysis:

Beginning capital account	\$	529,253.
Capital contributed during the year	\$	
Current year increase (decrease)	\$	26,647.
Withdrawals & distributions	\$	419,567.
Ending capital account	\$	136,333.

☒ Tax basis☐ GAAP☐ Section 704(b) book☐ Other (explain)**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

1 Ordinary business income (loss)	566.	15 Credits & credit recapture	
2 Net rental real estate income (loss)	22,322.	16 Foreign transactions	
3 Other net rental income (loss)			
4 Guaranteed payments			
5 Interest income	3,759.		
6a Ordinary dividends		17 Alternative min tax (AMT) items	
6b Qualified dividends		A	<764.>
7 Royalties			
8 Net short-term capital gain (loss)		18 Tax-exempt income and nondeductible expenses	
9a Net long-term capital gain (loss)			
9b Collectibles (28%) gain (loss)		19 Distributions	A 419,567.
9c Unrecaptured sec 1250 gain		20 Other Information	
10 Net section 1231 gain (loss)		A	3,759.
11 Other income (loss)			
12 Section 179 deduction			
13 Other deductions			
14 Self-employment earnings (loss)	A		0.

*See attached statement for additional information.

For IRS Use Only

JWA For Privacy Act and Paperwork Reduction Act Notice, see instructions for Form 1065.

Schedule K-1 (Form 1065) 2005

511281
01-11-06

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2005.06000 1634 Main, LP

3459 1

Schedule K-1
(Form 1086)

For calendar year 2005, or tax

2005Department of the Treasury
Internal Revenue Serviceyear beginning _____
ending _____**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See separate instructions.

Part I Information About the PartnershipA Partnership's employer identification number
30-0070876

B Partnership's name, address, city, state, and ZIP code

**1634 Main, LP
P.O. Box 1421
Columbia, SC 29201-1421**C IRS Center where partnership filed return
Cincinnati, OHD ☐ Check if this is a publicly traded partnership (PTP)E ☐ Tax shelter registration number, if anyF ☐ Check if Form 8271 is attached**Part II Information About the Partner**

A Partner's identification number

H Partner's name, address, city, state, and ZIP code

**Shirley Hightower
1634 Main Street
Columbia, SC 29201**I ☐ General partner or LLC
member-manager☒ Limited partner or other LLC
memberJ ☒ Domestic partner☐ Foreign partnerK What type of entity is this partner? **Individual**

L Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	8.0000000%	56.8000000%
Loss	8.0000000%	56.8000000%
Capital	8.0000000%	56.8000000%

M Partner's share of liabilities at year end:

Nonrecourse	\$	
Qualified nonrecourse financing	\$	
Recourse	\$	0.

N Partner's capital account analysis:

Beginning capital account	\$	67,208.
Capital contributed during the year	\$	
Current year increase (decrease)	\$	40,044.
Withdrawals & distributions	\$	7,497.
Ending capital account	\$	99,755.

☒ Tax basis☐ GAAP☐ Section 704(b) book☐ Other (explain)☐ Final K-1☐ Amended K-1

OMB No. 1545-0099

**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1 Ordinary business income (loss)	851.	15 Credits & credit recapture	
2 Net rental real estate income (loss)	33,542.	16 Foreign transactions	
3 Other net rental income (loss)			
4 Guaranteed payments			
5 Interest income	5,650.		
6a Ordinary dividends		17 Alternative min tax (AMT) items	<1,150.>
6b Qualified dividends			
7 Royalties		18 Tax-exempt income and nondeductible expenses	
8 Net short-term capital gain (loss)			
9a Net long-term capital gain (loss)			
9b Collectibles (28%) gain (loss)		19 Distributions	7,497.
9c Unrecaptured sec 1250 gain		20 Other information	5,650.
10 Net section 1231 gain (loss)			
11 Other income (loss)			
12 Section 179 deduction			
13 Other deductions			
14 Self-employment earnings (loss)	0.		

* See attached statement for additional information.

For IRS Use Only

JWA For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1086.

Schedule K-1 (Form 1086) 2005

611201
01-11-06

15

17190822 758692 3459

2005.06000 1634 Main, LP

3459 5
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651105

Schedule K-1
(Form 1065)For calendar year 2005, or tax
year beginning _____
ending _____**2005**☒ Final K-1☐ Amended K-1

OMB No. 1545-0099

Department of the Treasury
Internal Revenue Service**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See separate instructions.

Part I Information About the Partnership	
A Partnership's employer identification number 30-0070876	
B Partnership's name, address, city, state, and ZIP code 1634 Main, LP P.O. Box 1421 Columbia, SC 29201-1421	
C IRS Center where partnership filed return Cincinnati, OH	
D ☐ Check if this is a publicly traded partnership (PTP)	
E ☐ Tax shelter registration number, if any _____	
F ☐ Check if Form 8271 is attached	
Part II Information About the Partner	
a Partner's identifying number _____	
h Partner's name, address, city, state, and ZIP code Alvin Hammer 68 Lenwood Drive Charleston, SC 29206	
i ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member	
j ☒ Domestic partner ☐ Foreign partner	
k What type of entity is this partner? Individual	
l Partner's share of profit, loss, and capital:	
Beginning	Ending
Profit 8.00000000%	0.00000000%
Loss 8.00000000%	0.00000000%
Capital 8.00000000%	0.00000000%
m Partner's share of liabilities at year end:	
Nonrecourse	\$ _____
Qualified nonrecourse financing	\$ _____
Recourse	\$ 0.
n Partner's capital account analysis:	
Beginning capital account	\$ 67,207.
Capital contributed during the year	\$ _____
Current year increase (decrease)	\$ 0.
Withdrawals & distributions	\$ 67,207.
Ending capital account	\$ 0.
☒ Tax basis ☐ GAAP ☐ Section 704(b) book	
☐ Other (explain) _____	

**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1 Ordinary business income (loss) 0.	15 Credits & credit recapture
2 Net rental real estate income (loss)	16 Foreign transactions
3 Other net rental income (loss)	
4 Guaranteed payments	
5 Interest income	
6a Ordinary dividends	17 Alternative min tax (AMT) items
6b Qualified dividends	
7 Royalties	18 Tax-exempt income and nondeductible expenses
8 Net short-term capital gain (loss)	
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	19 Distributions A 67,207.
8a Unrecaptured sec 1250 gain	20 Other information
10 Net section 1231 gain (loss)	
11 Other income (loss)	
12 Section 179 deduction	
13 Other deductions	
14 Self-employment earnings (loss) A 0.	

* See attached statement for additional information.

For IRS Use Only

JWA For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2005

611281
01-11-05

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2005.06000 1634 Main, LP

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Schedule K-1
(Form 1085)

For calendar year 2005, or tax

2005☒ Final K-1☐ Amended K-1

OMB No. 1545-0089

Department of the Treasury
Internal Revenue Service

year beginning

ending

Partner's Share of Income, Deductions, Credits, etc.

See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number

30-0070876

B Partnership's name, address, city, state, and ZIP code

1634 Main, LP**P.O. Box 1421****Columbia, SC 29201-1421**

C IRS Center where partnership filed return

Cincinnati, OHD ☐ Check if this is a publicly traded partnership (PTP)E ☐ Tax shelter registration number, if anyF ☐ Check if Form 8271 is attached**Part II Information About the Partner**

G Partner's identifying number

H Partner's name, address, city, state, and ZIP code

Stanley Hammer**3301 Madison Avenue****Greensboro, NC 27403**I ☐ General partner or LLO☒ Limited partner or other LLC

member-manager

member

J ☒ Domestic partner☐ Foreign partnerK What type of entity is this partner? **Individual**

L Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	8.00000000%	0.00000000%
Loss	8.00000000%	0.00000000%
Capital	8.00000000%	0.00000000%

M Partner's share of liabilities at year end:

Nonrecourse	\$	
Qualified nonrecourse financing	\$	
Recourse	\$	0.

N Partner's capital account analysis:

Beginning capital account	\$	67,208.
Capital contributed during the year	\$	
Current year increase (decrease)	\$	0.
Withdrawals & distributions	\$	67,208.
Ending capital account	\$	0.

☒ Tax basis☐ GAAP☐ Section 704(b) book☐ Other (explain)**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

1 Ordinary business income (loss)	0.	16 Credits & credit recapture
2 Net rental real estate income (loss)		
3 Other net rental income (loss)		18 Foreign transactions
4 Guaranteed payments		
5 Interest income		
6a Ordinary dividends		17 Alternative min tax (AMT) items
6b Qualified dividends		
7 Royalties		
8 Net short-term capital gain (loss)		18 Tax-exempt income and nondeductible expenses
9a Net long-term capital gain (loss)		
9b Collectibles (28%) gain (loss)		19 Distributions
9c Unrecaptured sec 1250 gain		A 67,208.
10 Net section 1231 gain (loss)		20 Other information
11 Other income (loss)		
12 Section 179 deduction		
13 Other deductions		
14 Self-employment earnings (loss)	A 0.	

* See attached statement for additional information.

For IRS Use Only

JWA For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1085.

Schedule K-1 (Form 1085) 2005

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01-11-06

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2005.06000 1634 Main, LP

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Schedule K-1
(Form 1085)

For calendar year 2005, or tax

2005☒ Final K-1☐ Amended K-1

OMB No. 1545-0049

Department of the Treasury
Internal Revenue Service

year beginning

ending

**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See separate instructions.

Part I Information About the Partnership**A** Partnership's employer identification number**30-0070876****B** Partnership's name, address, city, state, and ZIP code**1634 Main, LP
P.O. Box 1421
Columbia, SC 29201-1421****G** IRS Center where partnership filed return**Cincinnati, OH****D** ☐ Check if this is a publicly traded partnership (PTP)**E** ☐ Tax shelter registration number, if any**F** ☐ Check if Form 8271 is attached**Part II Information About the Partner****G** Partner's identifying number**H** Partner's name, address, city, state, and ZIP code**Judith Hammer
3301 Madison Avenue
Greensboro, NC 27403****I** ☐ General partner or LLC

member-manager

☒ Limited partner or other LLC

member

J ☒ Domestic partner☐ Foreign partner**K** What type of entity is this partner? **Individual****L** Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	4.00000000%	0.00000000%
Loss	4.00000000%	0.00000000%
Capital	4.00000000%	0.00000000%

M Partner's share of liabilities at year end:

Nonrecourse	\$	
Qualified nonrecourse financing	\$	
Recourse	\$	0.

N Partner's capital account analysis:

Beginning capital account	\$	33,602.
Capital contributed during the year	\$	
Current year increase (decrease)	\$	0.
Withdrawals & distributions	\$	33,602.
Ending capital account	\$	0.

☒ Tax basis☐ GAAP☐ Section 704(b) book☐ Other (explain)**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1 Ordinary business income (loss)	15 Credits & credit recapture
0.	
2 Net rental real estate income (loss)	
	16 Foreign transactions
3 Other net rental income (loss)	
4 Guaranteed payments	
5 Interest income	
6a Ordinary dividends	
6b Qualified dividends	17 Alternative min tax (AMT) items
7 Royalties	
	18 Tax-exempt income and nondeductible expenses
8 Net short-term capital gain (loss)	
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	19 Distributions
9c Unrecaptured sec 1250 gain	A 33,602.
10 Net section 1231 gain (loss)	
11 Other income (loss)	20 Other information
12 Section 179 deduction	
13 Other deductions	
14 Self-employment earnings (loss)	
A 0.	

*See attached statement for additional information.

For IRS Use Only

JWA For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1085.

Schedule K-1 (Form 1085) 2005

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01-11-05

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17190822 758692 3459

2005.06000 1634 Main, LP

3459 1

MONTHLY CHECK REGISTER
OWNER: 1634 MAIN, LP
PROPERTY: 1634 MAIN STREET
MONTH ENDING: DECEMBER 31, 2005

<u>CHECK NO</u>	<u>DATE</u>	<u>PAYEE</u>	<u>\$ AMOUNT</u>	
1418	3-Jan	Stanley Hammer	\$ 71,423.00	D. g. f. b. d. m.
1419	3-Jan	Judith Hammer	36,709.00	"
1420	3-Jan	Alvin Hammer	71,421.00	"
1421		Void		
1422		Void		
1423		Void		
1424	8-Jan	ADT	103.51	Security
1426	8-Jan	City of Columbia	80.07	water/sewer
1426	8-Jan	Gregory Pest Control	104.00	extermination
1427	18-Jan	ThyssenKrupp	916.22	Elevator
1428	18-Jan	Commercial Maintenance	915.00	Janitorial
1429	18-Jan	Bell South	94.46	Elevator Phone
1430	18-Jan	SCE&G	1,589.23	Electricity
1431	18-Jan	Madison Fludd	135.00	Parking Lot
1432	18-Jan	Danville Business Advisors	585.00	Prop Mgt
TOTAL			\$ 183,085.49	
1433	8-Feb	Air Cond	\$ 408.00	HVAC
1434	13-Feb	City of Columbia	83.27	water/sewer
1436	13-Feb	Commercial Maintenance	915.00	Janitorial
1436	13-Feb	Bell South	94.46	Elevator Phone
1437	13-Feb	SCE&G	1,597.39	Electricity
1438	13-Feb	Madison Fludd	135.00	Parking Lot
1439	14-Feb	Danville Business Advisors	585.00	Prop Mgt
TOTAL			\$ 3,818.12	
1440	9-Mar	SH5, LLC	\$ 527.00	Distribution
1441	9-Mar	Howard Hammer	33,165.00	"
1442	9-Mar	Shirley Hammer	4,212.00	"
1443	9-Mar	David Hammer	4,212.00	"
1444	9-Mar	Alvin Hammer	4,211.00	"
1445	9-Mar	Stanley Hammer	4,212.00	"
1446	9-Mar	Judith Hammer	2,105.00	"
1447	11-Mar	Midland's Electric	70.00	Repairs
1448	11-Mar	Gregory Pest Control	52.00	extermination
1449	11-Mar	Adams Eaddy	1,854.00	Insurance
1450	11-Mar	City of Columbia	89.67	water/sewer
1451	11-Mar	SCE&G	1,294.99	Electricity
1452	11-Mar	Commercial Maintenance	915.00	Janitorial
1453	11-Mar	Bell South	94.76	Elevator Phone
1454	11-Mar	Madison Fludd	135.00	Parking Lot
1455	11-Mar	Danville Business Advisors	585.00	Prop Mgt
TOTAL			\$ 57,734.42	

PAGE 2
MONTHLY CHECK REGISTER
OWNER: 1634 MAIN, LP
PROPERTY: 1634 MAIN STREET
MONTH ENDING: DECEMBER 31, 2005

<u>CHECK NO</u>	<u>DATE</u>	<u>PAYEE</u>	<u>\$ AMOUNT</u>
1456	11-Apr	City of Columbia	\$ 34.76
1457	11-Apr	City of Columbia	83.27
1458	11-Apr	Dependable Plumbing	122.99
1459	11-Apr	Commercial Maintenance	915.00
1460	11-Apr	Gregory Pest Control	52.00
1461	11-Apr	ADT	103.51
1462	11-Apr	ThyssenKrupp	916.22
1463	11-Apr	SCE&G	1,371.36
1464	11-Apr	Madison Fludd	135.00
1465	13-Apr	Danville Business Advisors	585.00
1466	14-Apr	AirCond	408.00
TOTAL			\$ 4,727.10
1467	10-May	City of Columbia	\$ 86.47
1468	10-May	AirCond	420.00
1469	10-May	Dependable Plumbing	125.00
1470	10-May	Bell South	94.76
1471	10-May	Danville Business Advisors	585.00
1472	10-May	Madison Fludd	135.00
1743	10-May	Commercial Maintenance	915.00
1474	10-May	Gregory Pest Control	52.00
1475	10-May	SCE&G	1,421.14
1476		Void	
1477	21-May	Dependable Plumbing	127.92
1478	21-May	Bell South	97.20
1479	23-May	Scott Friday	50.00
TOTAL			\$ 4,109.49
1480	13-Jun	Commercial Maintenance	\$ 915.00
1481	13-Jun	Key Shop	145.08
1482	13-Jun	Bell South	98.39
1483	13-Jun	Dependable Plumbing	204.08
1484	13-Jun	Commercial Maintenance	25.00
1485	13-Jun	City of Columbia	86.47
1486	13-Jun	Gregory Pest Control	52.00
1487	13-Jun	SCE&G	1,742.67
1488	13-Jun	Madison Fludd	135.00
1489	13-Jun	Service Master	771.92
1490	13-Jun	Danville Business Advisors	585.00
1491	21-Jun	Brett Barkool	30.00
1492		Void	
1493	21-Jun	Randy Maroum	30.00
1494	22-Jun	Howard Hammer	39,071.00

garbage
water sewer
repair
Janitorial
extermination
security
Elevator
Electricity
Parking lot
PROP Mgt
HVAC

Water Sewer
HVAC
Repairs
Elevator Phone
PROP Mgt
Parking lot
Janitorial
Extermination
Electricity
Repairs
Elevator Phone
Repairs

Janitorial
Repairs
Elevator Phone
Repairs
Janitorial
Water Sewer
Extermination
Electricity
Parking lot
PROP Mgt
Repairs
Repairs
Distribution

PAGE 3
MONTHLY CHECK REGISTER
OWNER: 1634 MAIN, LP
PROPERTY: 1634 MAIN STREET
MONTH ENDING: DECEMBER 31, 2005

CHECK NO	DATE	PAYEE	\$ AMOUNT
1495	22-Jun	Shirley Hightower	4,962.00
1496	22-Jun	David Hammer	4,961.00
1497	22-Jun	Stanley Hammer	4,961.00
1498	22-Jun	Judith Hammer	2,481.00
1499	22-Jun	SH5, LLC	\$ 620.00
1500	22-Jun	Bernard Ackerman, CPA	2,675.00
1501	22-Jun	Alvin Hammer	4,962.00
TOTAL			69,513.61
1502	13-Jul	ADT Security	\$ 109.21
1503	13-Jul	City of Columbia	86.47
1504	13-Jul	Gregory Pest Control	62.00
1505	13-Jul	Dependable Plumbing	185.00
1506	13-Jul	Commercial Maintenance	915.00
1507	13-Jul	Bell South	98.20
1508	13-Jul	ThyssenKrupp Elevator	916.22
1509	13-Jul	SCE&G	2,356.69
1510	13-Jul	Madison Fludd	135.00
1511	14-Jul	Danville Business Advisors	854.68
1512	27-Jul	SC Bar	140.00
1513	27-Jul	Richland County Bar	33.00
1514	27-Jul	Columbia Fire & Safety	379.04
1515	27-Jul	AirCond	420.00
1516	27-Jul	City of Columbia	83.27
TOTAL			\$ 6,763.68
1517	10-Aug	Commercial Maintenance	\$ 915.00
1518	10-Aug	Gregory Pest Control	62.00
1519	10-Aug	ThyssenKrupp Elevator	133.63
1520	10-Aug	Madison Fludd	135.00
1521	10-Aug	SCE&G	2,412.84
1522	11-Aug	Danville Business Advisors	619.33
1523	31-Aug	Marion Turbeville	345.60
TOTAL			\$ 4,613.50
1524	8-Sep	Midlands Electric	303.00
1525	8-Sep	Dependable Plumbing	525.00
1526	9-Sep	Marc Wintersteen	300.00
1527	14-Sep	SCE&G	2,392.89
1528	14-Sep	Commercial Maintenance	915.00
1529	14-Sep	City of Columbia	83.27
1530	14-Sep	Gregory Pest Control	62.00

Distribution
11
11
11
11
Tax Returns
Distribution

Security
Water Sewer
Extermination
Repairs
Sanitorial
Elevator Phone
Elevator
Electricity
Parking Lot
Pop Mt
Advertising
Advertising
Extinguishers
Hazard
Water Sewer

Sanitorial
Extermination
Elevator
Parking Lot
Electricity
Pop Mt
Repairs

Repairs
Repairs
Hazard
Electricity
Sanitorial
Water Sewer
Extermination

PAGE 4
MONTHLY CHECK REGISTER
OWNER: 1634 MAIN, LP
PROPERTY: 1634 MAIN STREET
MONTH ENDING: DECEMBER 31, 2005

<u>CHECK NO</u>	<u>DATE</u>	<u>PAYEE</u>	<u>\$ AMOUNT</u>
1531	14-Sep	Bell South	197.98
1532	14-Sep	Dependable Plumbing	125.00
1533	14-Sep	SCDLLR	125.00
1534	14-Sep	ADT Security	140.00
1535	14-Sep	Madison Fludd	\$ 135.00
1536	14-Sep	Danville Business Advisors	619.33
1537	14-Sep	Marc Wintersteen	400.00
TOTAL			\$ 6,313.47
1538	10-Oct	SCE&G	\$ 2,378.02
1539	10-Oct	Commercial Maintenance	915.00
1540	10-Oct	ADT	109.21
1541	10-Oct	ADT	142.10
1542	10-Oct	City of Columbia	105.16
1543	10-Oct	Gregory Pest Control	52.00
1544	10-Oct	ThyssenKrupp Elevator	916.22
1545	10-Oct	Madison Fludd	135.00
1546	10-Oct	Danville Business Advisors	619.33
1547	10-Oct	Marc Wintersteen	155.00
1548	10-Oct	Marion Turbeville	172.80
TOTAL			\$ 5,699.84
1549	11-Nov	Bell South	\$ 198.04
1550	11-Nov	Gregory Pest Control	52.00
1551	11-Nov	Commercial Maintenance	915.00
1552	11-Nov	City of Columbia	97.80
1553	11-Nov	AirCond	420.00
1554	11-Nov	SCE&G	1,816.96
1555	11-Nov	Madison Fludd	135.00
1556	14-Nov	Danville Business Advisors	619.33
TOTAL			\$ 4,254.13
1557	2-Dec	Danville Business Advisors	\$ 750.00
1558	6-Dec	Marion Turbeville	172.80
1559	6-Dec	SH5, LLC	932.50
1560		Vold	
1561	6-Dec	Shirley Hightower	7,500.00
1562	6-Dec	David Hammer	7,500.00
1563	13-Dec	Commercial Maintenance	915.00
1564	13-Dec	Gregory Pest Control	52.00
1565	13-Dec	City of Columbia	97.80
1566	13-Dec	Madison Fludd	135.00

Elevator Phone
Repairs
Elevator Inspect
Security
Parking Lot
Prod Mut
HVAC

Electricity
Janitorial
Security
Security
Water Sewer
Extermination
Elevator
Parking Lot
Prod Mut
HVAC
Repairs

Elevator Phone
Extermination
Janitorial
Water Sewer
HVAC
Electricity
Parking Lot
Prod Mut

Comm
Repairs
Distraction

Janitorial
Extermination
Water Sewer
Parking Lot

PAGE 5
MONTHLY CHECK REGISTER
OWNER: 1634 MAIN, LP
PROPERTY: 1634 MAIN STREET
MONTH ENDING: DECEMBER 31, 2005

<u>CHECK NO</u>	<u>DATE</u>	<u>PAYEE</u>	<u>\$ AMOUNT</u>
1567	13-Dec	Danville Business Advisors	544.90
1568	13-Dec	SCE&G	1,458.98
1569	18-Dec	Larry Palmer	1,300.00
1570	23-Dec	Larry Palmer	800.00
1571		Void	
1572	29-Dec	Howard Hammer	59,062.50
1573	29-Dec	Richland County Treasurer	22,912.17
TOTAL			\$ 104,133.65

*Property
Electric
Painting
Painting
Distribution
Property taxes*

YEAR-TO-DATE OPERATING STATEMENT
OWNER: 1634 MAIN, LP
PROPERTY: 1634 MAIN STREET
PERIOD ENDING: DECEMBER 31, 2005 (REVISED)

REVENUE

1.RENTAL INCOME

<u>TENANT</u>	<u>\$ AMT PAID</u>
JOY S GOODWIN	\$ 73,679.32
HAMMER LAW FIRM	60,492.00
AIKEN & HIGHTOWER	12,066.84
TAYLOR & POTTERFIELD	7,184.00
CAROLINA PUBLIC RELATIONS	1,500.00
CHARLIE JOHNSON ATTORNEY	2,700.00
SUBTOTAL RENTAL INCOME	\$ 167,622.16

2. MISC. RECEIPTS
TRANSFER FROM MMA

\$ 80,000.00

TOTAL RECEIPTS

\$ 237,622.16

\$ 237,622.16

LESS EXPENSES:

BUILDING EXPENSES

REPAIRS & MAINTENANCE	\$ 5,234.03
ELEVATOR MAINTENANCE CONTRACT	3,923.51
HVAC MAINTENANCE CONTRACT	2,931.00
EXTERMINATING	624.00
LANDSCAPING	1,620.00
JANITORAL	11,005.00
	\$ 25,337.54

PROFESSIONAL FEES

ACCOUNTING	\$ 2,675.00
LEGAL	
OTHER	-
	\$ 2,675.00

PROPERTY MANAGEMENT

\$ 5,500.00



GRANTEE'S ADDRESS

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

SPECIAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, that 1614 Main, L.P., a South Carolina limited partnership whose address is 1614 Main Street, Columbia, South Carolina 29201 ("Grantor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration, to it paid by Shirley Hammer ("Grantee"), the receipt of which is hereby acknowledged, subject to the conditions, matter, and/or reservations herein set forth, if any, has granted, bargained, sold, and released, and by these presents does grant, bargain, sell, and release unto the said Grantee 52.75% of the following described property:

The real estate described on Exhibit "A" attached hereto,

DERIVATION: This being the identical property conveyed to 1634 Main L.P. by Deed of 1634 Main (E&A) L.L.C., dated December 19, 2001 and recorded in Deed Book 462, at Page 543, in the Office of the Register of Deeds for Richland County, South Carolina.

TMS: 09013-04-19

TOGETHER WITH all and singular, the rights, members, hereditaments, and appurtenances to the said premises belonging or in anywise incident or appertaining.

THIS CONVEYANCE is made subject to easements, conditions, and restrictions of record.

TO HAVE AND TO HOLD all and singular the premises before mentioned unto the said Grantee, it successors and assigns forever.

AND Grantor does hereby bind itself, its successors and assigns, to warrant and forever defend all and singular the said premises unto the said Grantee, its successors and assigns, against itself and its successors and assigns, and against all persons claiming through or under the Grantor but not otherwise.



WITNESS Grantor's hand and seal this 11 day of February, 2002:

WITNESSES:

Kelli L. Sullivan
Phyllis [Signature]

GRANTOR:

1634 Main L.P. a South Carolina limited partnership.

By: SHS LLC, its general partner

By: [Signature]
Howard Hammer, member

STATE OF SOUTH CAROLINA)

COUNTY OF RICHLAND)

ACKNOWLEDGMENT

I, Phyllis [Signature], a Notary Public for the state and county
aforesaid, do hereby certify that Howard Hammer as member SHS LLC a limited liability
company, the general partner of 1634 Main L.P., acting on behalf of said 1634 Main
L.P., personally appeared before me this day and acknowledged before me the due
execution of the foregoing instrument as the act and deed of the foregoing 1634 Main
L.P., for the purpose stated in the instrument and she is personally known to me.

Witness my hand and official seal

this 11th day of February, 2002

[Signature]

Notary Public for S.C.

My Commission Expires 06-01-06

(Seal)

10798(8744)
DA DESC

These certain parcels of land, with improvements thereon, situate in Richland County, South Carolina, being shown and designated as Parcel A and Parcel B, collectively containing 0.56 acre, on a Plat Prepared for Downtown Associates by Cox and Pritchett, Inc. dated February 5, 1998, recorded in the Office of the Clerk for Richland County in Plat Book _____ at page _____. (The failure to record said plat or to insert the recording data herein shall not affect the validity hereof), said plat being incorporated herein by reference, said parcels being collectively described as follows:

BEGINNING at a flag corner at the westernmost corner of Parcel B, whereat said property corners with property now or formerly Martha W. Fowler, at 11' along the eastern margin of the right-of-way of Main Street a distance of 107.4 feet, more or less, from its intersection with Blenheim Street, and running along property now or formerly Martha W. Fowler, at 11' to 1170.18' 00" E - 209.01 feet to a 1/2" rod; thence turning and running along property now or formerly Lexington State Bank as follows: S18°27'40"E - 11.86 feet to a point; N71°08'48"E - 211.75 feet to an "X" on concrete; thence turning and running along the western margin of the right-of-way of Sumter Street S05°25'45"E - 42.33 feet to an "X" on concrete; thence turning and running along property now or formerly James L. Rapp Co., Inc. as follows: S71°05'28"W - 231.73 feet to an "X" on concrete; S15°22'00"E - 0.77 feet to an "X" on concrete; thence turning and running along property now or formerly Kimbrell's Investment Co. S70°47'08"W - 208.84 feet to an "X" on concrete; thence turning and running along the eastern margin of the right-of-way of Main Street N19°28'31"W - 51.03 feet to the POINT OF BEGINNING.

EXHIBIT 'A'

STATE OF SOUTH CAROLINA

AFFIDAVIT

COUNTY OF RICHLAND

PERSONALLY appeared before me the undersigned, who being duly sworn, deposes and says:

1. I have read the information on this affidavit and I understand such information.

2. The property being transferred is located at 1639 Maple St bearing
Richland County Tax Map Number 707-00000000 was transferred by
1639 Maple St LLC to South Carolina
on Dec 11, 2006

3. Check one of the following. The deed is:

- (a) ☒ subject to the deed recording fee as a transfer for consideration paid to be paid in money or money's worth.
- (b) ☐ subject to the deed recording fee as a transfer between a corporation, a partnership, or other entity and a stockholder, partner, or owner of the entity, or as a transfer to a trust or as a distribution to a trust beneficiary.
- (c) ☐ exempt from the deed recording fee because (See Information section of affidavit.)
 (If exempt, please skip items 4-7 and go to item 8 of this affidavit.)

4. Check one of the following if either item 3(a) or item 3(b) above has been checked (See Information section of this affidavit.):

- (a) ☐ The fee is computed as the consideration paid or to be paid in money or money's worth in the amount of \$ 150.00
- (b) ☐ The fee is computed on the full market value of the realty which is _____
- (c) ☐ The fee is computed on the fair market value of the realty as established for property tax purposes which is _____

5. Check Yes ☐ or No ☒ to the following: A lien or encumbrance existed on the land, tenement or realty before the transfer and remained on the land, tenement, or realty after the transfer. If Yes, the amount of the outstanding balance of this lien or encumbrance is _____

6. The deed recording fee is computed as follows:

(a) Place the amount listed in item 4 above here: _____

(b) Place the amount listed in item 5 above here: _____

(If no amount is listed, place zero here.)

(c) Subtract Line 6(b) from Line 6(a) and place result here: _____

7. The deed recording fee due is based on the amount listed on Line 6(c) above and the deed recording fee due is \$ _____

8. As required by Code Section 47-24-70, I state that I am a responsible person who was connected with the transaction as: Wanda, Grubbs

9. I understand that a person required to furnish this affidavit who willfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both.

Wanda Grubbs
Responsible Person Connected with the Transaction

SWORN to before me this 15th

day of February, 2002

Wanda Grubbs
Print or Type Name Here

Wanda Grubbs
Notary Public for South Carolina

My Commission Expires 2/1/2011

2004 Income from Passthroughs

1634 Main, LP
I.D. Number: 30-0070876
Type: Partnership

Activity Information:

1634 Main, LP

Rental real estate - Active participation

Rental real estate income (loss) 4,690

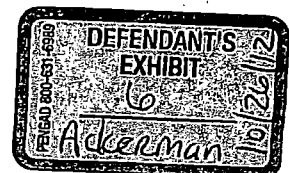
Schedule E activity income (loss) 4,690

Tax Preference Items:

Depreciation adjustment for post-1986 property -162

Other K-1 Information:

Interest - Total 272



2005 Income from Passthroughs

1634 Main, LP
I.D. Number: 30-0070876
Type: Partnership

Activity Information:

1634 Main, LP

Rental real estate - Active participation

Ordinary income (loss)	851
Rental real estate income (loss)	33,542
Schedule E activity income (loss)	<u>34,393</u>

Tax Preference Items:

Depreciation adjustment for post-1986 property	-1,150
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Other K-1 Information:

Interest - Total	5,650
Investment income	5,650

INCOME FROM PASSTHROUGH STATEMENT, PAGE 1

2006

SCHEDULE E

Name Shirley Hightower

Partnership 1634 Main, LP

Partnership

ID 30-D070876

SSN/EIN

Spouse

Active Rental Real Estate	K-1 Input	Prior Year Unallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Unallowed At-Risk Loss	Disallowed Due to At-Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
SCHEDULE E, PAGE 2								
Ordinary business income (loss)								
Rental real estate income (loss)	-8,983.							
Other net rental income (loss)								
Intangible drilling costs/dry hole costs								
Self-charged passive interest expense								
Guaranteed payments								
Section 179 and carryover								
Disallowed section 179 expense								
Net income (loss)	-8,983.							
First passive other							6,465.	-2,518.
Second passive other								
Cost depletion								
Percentage depletion								
Depletion carryover								
Disallowed due to 65% limitation								
Unreimbursed expenses (nonpassive)								
Nonpassive other								
Total Schedule E (page 2)	-8,983.						6,465.	-2,518.
FORM 4797								
Section 1231 gain (loss)								
Section 179 recapture on disposition								
SCHEDULE D								
Net short-term cap. gain (loss)								
Net long-term cap. gain (loss)								
Section 1256 contracts & straddles								
FORM 4952								
Investment interest expense - Sch. A								
Other net investment income								
ITEMIZED DEDUCTIONS								
Charitable contributions								
Deductions related to portfolio income								
Other								

SCHEDULE E

INCOME FROM PASSTHROUGH STATEMENT, PAGE 2

2006

Name Shirley Hightower

Passthrough 1634 Main, LP

Partnership

ID 30-0070876

SSN/EIN

Spouse

Active Rental Real Estate	K-1 Input	Prior Year Unallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Unallowed At-Risk Loss	Disallowed Due to At-Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
INTEREST AND DIVIDENDS								
Interest Income	776.							776.
Interest from U.S. bonds								
Ordinary dividends								
Qualified dividends								
Tax-exempt Interest Income								
FORM 6251								
Depreciation adjustment after 12/31/86	-529.							-529.
Adjusted gain or loss								
Beneficiary's AMT adjustment								
Depletion (other than oil)								
Other								
MISCELLANEOUS								
Self-employment earnings (loss)/Wages								
Gross farming & fishing Inc								
Royalties								
Royalty expenses/depletion								
Undistributed capital gains credit								
Backup withholding								
Credit for estimated tax								
Cancellation of debt								
Medical Insurance - 1040								
Dependent care benefits								
Retirement plans								
Qualified production activities income								
Passthrough adjustment to Form 1040								
Penalty on early withdrawal of savings								
NOL								
Other taxes/recapture of credits								
Credits								
Casualty and theft loss								