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Basis Reporting by Securities Brokers & Basis Determination for Stock

Comment On: IRS-2009-0037-0001

Basis Reporting by Securities Brokers and Basis Determination for Stock

Document: IRS-2009-0037-0008

Comment on FR Doc # E9-29855

Submitter Information**Name:** Kevin Kopaunik**Address:**

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Submitter's Representative: Kopaunik**Organization:** Fidelity Transfer Company

General Comment

See attachment

Attachments**IRS-2009-0037-0008.1:** Comment on FR Doc # E9-29855



FIDELITY TRANSFER COMPANY

February 5, 2010

Internal Revenue Service
CC:PA:LPD:PR (REG-101896)
Room 5203
PO BOX 7604 Ben Franklin Station
Washington DC 20044
Attn: Stephen Schaeffer

Re: IRS REG-101896-09

Dear Mr. Schaeffer:

We appreciate the opportunity to respond to the above referenced item. Fidelity Transfer Company is a stock transfer and registrar agency established in 1954.

This topic is extremely convoluted and technical. To provide a detailed analysis of the inherent problems for each item proposed would be extensive so we are commenting on generalities on specific items as we believe significantly effect small independent stock transfer agents.

Because the final draft of the changes have yet to be released, we have been unable to begin any significant study on the feasibility, modifications, and budget that would be required for compliance. We anticipate the expenditures to be significant and we may be required to completely address our entire operating system and software. It would be extremely difficult to accomplish this task by January 2011, especially because we don't have a final ruling to work from even today.

Many transfer agents do not send out tax forms as taxable transactions are not consummated, monitored or initiated by the transfer agent. These types of transactions are mostly done on the stock broker side. It would therefore seem onerous to have non reporting transfer agents to be required to re-vamp their systems to allow for this. The argument that it is necessary for this information to be provided from a non 1099 reporting agency to an agency that does make these reports upon issuer termination/change of agency is a sound one. We would propose that a committee be formed to discuss alternatives that would allow this information to be provided from one

agency to another without all of the deleterious and expensive costs that would be shouldered by ALL agencies.

Perhaps a simpler plan of tracking would be in order. Our suggestion would be to not force those non reporting agents to comply in general but only as reporting becomes necessary. The agents that do make reports would then just treat any new records as they would any transaction that occurred prior to the rule going into effect when receiving files from a non reporting agency. This seems a common sense approach.

Another option would be for non reporting agencies to be allowed to track by certificate or transaction and not by the other complex means. For example, if a shareholder purchases stock and a certificate is issued in book share or physical stock certificate, the transfer agent would be allowed to place in the total or per share price paid for that block of stock. This would be far more cost and labor saving and would provide substantially the same information as needed in order for the IRS to collect needed funds that have been squandered by our officials.

In conclusion, there are many problems that need to be addressed in this proposal and we have touched upon a small fraction. We would suggest aborting the entire proposal as the preferred and sensible method of dealing with this matter. At the minimum, a significant extension of time allowed to bring systems in compliance should be allowed (two years?). Even if a significant time extension is allowed, changes in the logistics and requirements need to be addressed.

Thank you for your time in reading our response.

Sincerely

A handwritten signature in black ink, appearing to be 'KK' or similar initials, written in a cursive style.

Kevin Kopaunik
President