

November 19, 2012

**Re: Filing of Forms 1099 and 1042
Information Returns**

Dear Client:

Every person engaged in a trade or business who makes payments of \$600.00 or more in a calendar year for commissions, fees, other compensation, rents, royalties, awards, premiums, annuities, direct sales, or \$10.00 of interest and other types of gains, profits, and income, must file an information return setting forth the name, address, and identifying number of the payee and the amount paid. This information is reported on Internal Revenue Service Form 1099. **The due date for filing recipient Form 1099 for 2012 calendar year is January 31, 2013.** (Forms 1099-S and 1099-B are due February 15, 2012). Payments to foreign persons of U.S. Source Income must be reported to the Internal Revenue Service on Form 1042. **The due date for filing Form 1042-S is March 15, 2013.**

Penalties may apply if you fail to file a correct information return by the due date. These penalties can be substantial and are caused by filing late, not filing, intentionally filing incorrect information, and not providing a copy of the form to the recipient.

Federal Form 1099 is an optical character recognition (OCR) form, meaning that it is optically scannable. As such, it should not be reproduced for filing purposes as a photocopy.

To help ease the burden of compliance, Form 1099 is required to be filed with the IRS only. It is no longer required to be filed with the California Franchise Tax Board. In certain situations, payments made to 1099 recipients are subject to backup withholding for both federal and state purposes.

If you would like us to prepare these forms for you, please sign this letter where indicated below and return it to our office no later than December 31, 2012. We will then contact you for the information we will need to file these returns.

McCahan, Helfrick, Thiercof & Butera
Accountancy Corporation

Please prepare the required forms for me.

Signature

Date

Client Name (Print)