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**IRA Club Position Statement regarding
IRA-LLC Violation of Flow of Funds**

It has come to our attention that you may have taken an action which was contrary to the Operating Agreement of the IRA-LLC. This action may have "invalidated" the IRA LLC.

The following two acts may invalidate an IRA-LLC.

1. Making a contribution of money, assets or personal labor to the LLC that is owned by your IRA account.
2. Taking a distribution of money, assets or personally benefiting from the assets of the LLC that is owned by your IRA Account.

(The above two acts may have invalidated the IRA-LLC however, may not have invalidated your IRA account.

This is still a serious matter as in some cases the IRA Owner may have placed the bulk of the value of their IRA in the IRA LLC (I.e. not kept the value in the IRA).

The restrictions describing (and preventing) the above two actions are contained in the your IRA LLC Operating Agreement (See Section 7), the IRA LLC Owners Guide provided when the IRA LLC was opened and in additional documents available on the IRA Club web site.

Steps:

1. If the violation happened within the last 60 days. Action: Reverse the transaction now.

Example:

- If you contributed money or assets to the IRA LLC remove them. You may make a contribution (of money, not assets) to your IRA which will then make an investment of that money into the IRA LLC.
- If you took a distribution from the LLC of money or assets; replace it now.

2. If the violation happened more than 60 days ago.

- See your Attorney or Tax Professional. The IRS provides no remedy past 60 days.
- The IRA Club will be happy to confer with your Attorney or Tax Professional on this or other Self Directed IRA matters. The IRA Club will request a letter from your attorney, tax professional or from yourself giving us directions as how you chose to proceed.



Important notes:

- The Attorney or Tax Professional you select must be your representative. The IRA Club will not recommend or suggest counsel to be your representative.
- The IRA Club cannot record a contribution to or distribution from an IRA which was not processed through this office and through the IRA (not the IRA LLC). However, The IRA Club will consider recording such transactions if provided an "Opinion Letter" from your qualified legal counsel.
- This is a serious matter. Do not delay determining your course of action.