The facts are the same as in Example 7, except that in year 3, FB makes an interest payment of $25 to FC on a deposit made by FC with FB. The analysis is the same as in Example 1 with respect to the $100 dividend payment from S to A. Because the $25 payment from A to FB in year 2 is made in connection with a transaction that constitutes a financing arrangement, the payment may be treated by the IRS as being made directly to FC. If the IRS disregards FB, then the $25 interest payment in year 2 will be treated as a dividend to the extent the payment does not exceed FC's share of the $100 dividend payment made by S to A ($85).