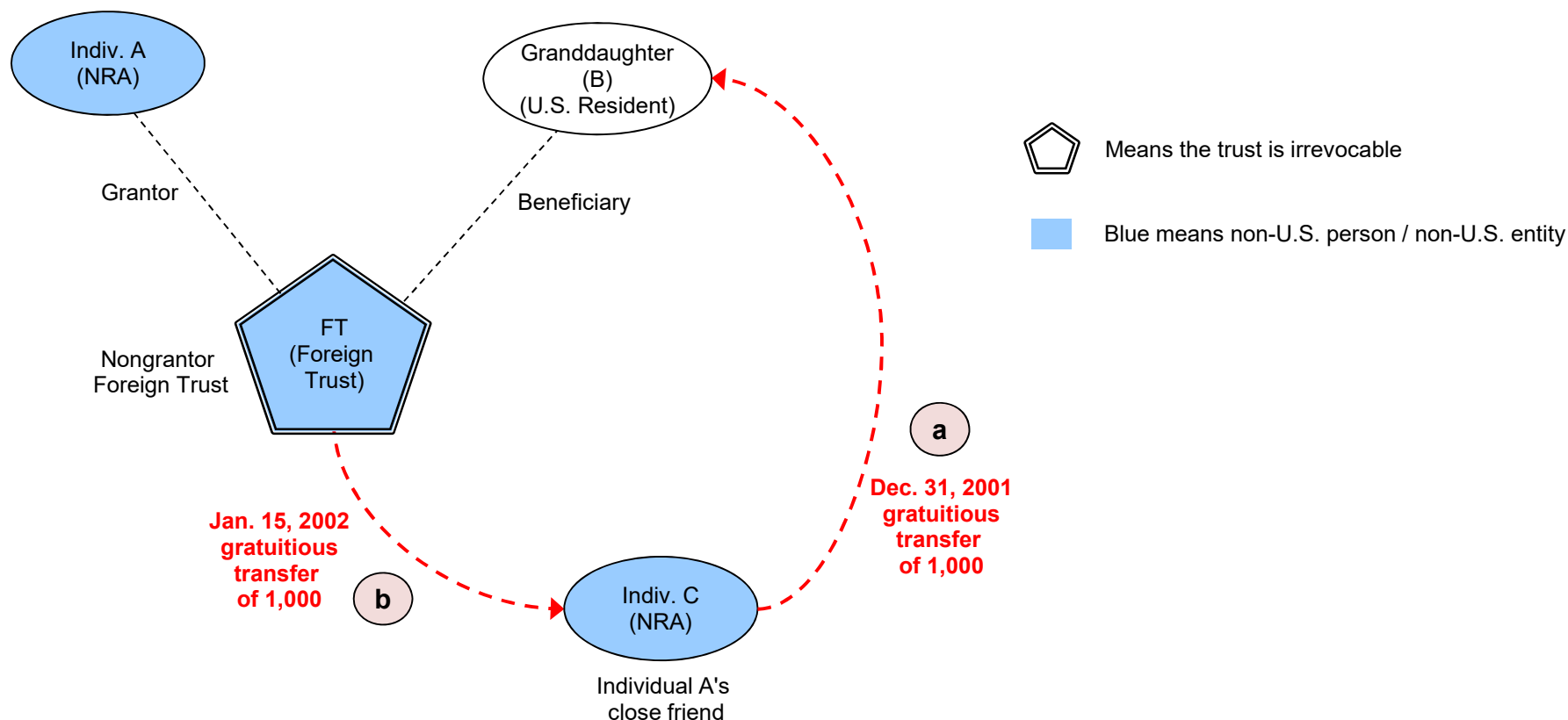


**Reg. 1.643(h)-1(g),  
Example 4**

**Distribution Thru Intermediary  
With Tax Avoidance Purpose**

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Transfer to United States person less than 24 months before transfer to intermediary. Several years ago, A, a nonresident alien, created and funded FT for the benefit of his children and their descendants. A has a close friend, C, who also is a nonresident alien. A's granddaughter, B, is a resident alien. On December 31, 2001, C makes a gratuitous transfer of 1000X to B. On January 15, 2002, FT makes a gratuitous transfer of 1000X to C. B is unable to demonstrate that C has a relationship with B that would establish a reasonable basis for concluding that C would make a gratuitous transfer to B or that C acted independently of A and the trustee of FT in making the transfer to B. Under Treas. Reg. §1.643(h)-1(a)(2), FT is deemed to have distributed 1000X directly to B. Under Treas. Reg. §1.643(h)-1(c)(1), C is treated as an agent of FT, and the distribution is deemed to have been made on December 31, 2001.