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11 IN THE UNITED STATES DISTRICT COURT FOR THE
 12 NORTHERN DISTRICT OF CALIFORNIA
 13 SAN FRANCISCO DIVISION

14 ALEXANDRE BALKANSKI TRADING)
 15 PARTNER, LO; AAB & SB, LLC, Tax)
 Matters Partner; ALEXANDRE)
 16 BALKANSKI, Sole Member-Manager,)

17 Plaintiffs,)

18 v.)

19 UNITED STATES OF AMERICA,)

20 Defendant.)

CV 08-002494 SI

) JOINT STATUS REPORT AND STIPULATION
) FOR EXTENSION OF TIME TO ANSWER AND
) FOR CONTINUANCE OF CASE MANAGEMENT
) CONFERENCE

21 _____
 22 The parties hereby provide this status report and stipulate pursuant to Local Rule 6-1(a), that,
 23 because the parties have made significant progress in their ongoing attempt to settle this matter, (1) the
 24 defendant should have an additional extension of time, from March 16, 2009 to May 15, 2009, in which
 25 to answer or otherwise respond to the complaint, and (2) the case management conference, currently
 26 scheduled for April 10, 2009, should be continued to June 12, 2009 or later, with the joint case
 27 management statement due a week before the conference.

28 STIPULATION FOR EXTENSION OF TIME
 No. CV-08-002494 SI

1 The parties respectfully represent they have good cause for making this request as described
2 below:

- 3 1. This case is complex federal tax proceeding. It arises from the Internal Revenue Service's
4 proposed disallowance of millions of dollars of losses the plaintiff partnership claimed on
5 federal tax returns by means of an allegedly abusive tax shelter. See IRS Notice 2002-35
6 (identifying "notional principal contract" shelters and warning that "the tax benefits
7 purportedly generated by these transactions are not allowable for federal income tax
8 purposes"). The plaintiffs contend that the positions taken on the tax returns were correct.
- 9 2. Since January 5, 2009, when the parties filed their last stipulation for an extension of time,
10 they have made significant progress toward a settlement.
- 11 3. On January 20, 2009, the plaintiffs made a formal settlement offer based on terms similar
12 to those on which other cases involving this type of tax shelter have been settled.
- 13 4. The Tax Division of the Department of Justice is in the process of reviewing and acting on
14 the offer on behalf of the Attorney General pursuant to Part O, Subpart N of Title 28 of the
15 Code of Federal Regulations. Since January 5, 2009, when the offer was submitted, (1)
16 the trial attorney has obtained the favorable views of the IRS, (2) the trial attorney has
17 recommended to his section chief that the offer be accepted, (3) the section chief has
18 recommended to the Office of Review that the offer be accepted, and (4) the Office of
19 Review is reviewing the offer and will either take final action or will make a further
20 referral to the government official(s) having authority to take final action.

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28 STIPULATION FOR EXTENSION OF TIME
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5. Postponement of the answer due date and case management conference date while the settlement process continues would be in the interest of judicial economy.

DATED this 12th day of March, 2009.

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DATED this 12th day of March, 2009.

ALEXANDRE BALKANSKI TRADING PARTNER,
LP; AAB & SB. LLC., Tax Matters Partner,
ALEXANDRE BALKANSKI, Sole Member-Manager

/s/ Edward M. Robbins, Jr.
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STIPULATION FOR EXTENSION OF TIME
No. CV-08-002494 SI

