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Sent: Thursday, July 3, 2014 6:29 PM
To: jeffrey E.; lawrence delson
Subject: margin trade vs option
Attachments: Switch From Treating Basket Transactions....pdf; CCA 201426025 - Section 446 - General Rule for Methods of Accounting.pdf

As fyi- thought you might find of interest

Client put 10% down; broker financed 90% - economically similar to - in-the-money cash settled call option with premium = 10% of notional. Under option, tax P&L = net cash; under financed trade, tax P&L gains, losses, expenses.

IRS challenged and treated as change in accounting method