

1 IN THE SUPREME COURT OF THE UNITED STATES

2 - - - - - x

3 MICHAEL J. KNIGHT, TRUSTEE :
4 OF THE WILLIAM L. RUDKIN :
5 TESTAMENTARY TRUST, :
6 Petitioner :

7 v. : No. 06-1286

8 COMMISSIONER OF INTERNAL :
9 REVENUE. :

10 - - - - - x

11 Washington, D.C.

12 Tuesday, November 27, 2007

13

14 The above-entitled matter came on for oral
15 argument before the Supreme Court of the United States
16 at 10:02 a.m.

17 APPEARANCES:

18 PETER J. RUBIN, ESQ., Washington, D.C.; on behalf of
19 the Petitioner.

20 ERIC D. MILLER, ESQ., Assistant to the Solicitor
21 General, Department of Justice, Washington, D.C.; on
22 behalf of the Respondent.

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C O N T E N T S

	PAGE
ORAL ARGUMENT OF	
PETER J. RUBIN, ESQ.	
On behalf of the Petitioner	3
ERIC D. MILLER, ESQ.	
On behalf of the Respondent	25
REBUTTAL ARGUMENT OF	
PETER J. RUBIN, ESQ.	
On behalf of the Petitioner	51

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

(10:02 a.m.)

CHIEF JUSTICE ROBERTS: We'll hear argument first this morning in case 06-1286, Michael Knight, Trustee, v. the Commissioner of Internal Revenue.

Mr. Rubin.

ORAL ARGUMENT OF PETER J. RUBIN

ON BEHALF OF THE PETITIONER

MR. RUBIN: Mr. Chief Justice, and may it please the Court:

The question in this case is the meaning of a statute that provides that, in arriving at a trust or estate's adjusted gross income, amounts are allowable in full if they are -- and I quote here from 26 U.S.C. section 67(e), which you can find at the bottom of page 3a of the appendix to the blue brief -- "costs which are paid or incurred in connection with the administration of the estate or trust and which would not have been incurred if the property were not held in such trust or estate."

I'd like to make three broad points.

First, when one applies the judicial tools of statutory interpretation, the statute can mean only one thing. Second, "would not" does not mean "could not." The Commissioner's current reading of the statute

1 and the Commissioner's previous readings of the statute
2 are wrong. Indeed, the logic of the Commissioner's
3 position supports us. It acknowledges the distinctive
4 nature of trusts and fiduciary obligations. Finally,
5 our reading makes sense. It is consistent with the
6 treatment of trusts and estates elsewhere in the Code.
7 It puts in place an administrable rule that draws a
8 clear line, and by contrast the Commissioner has
9 provided no reason at all why Congress would have wanted
10 to subject the fees at issue here to the 2 percent
11 floor.

12 JUSTICE KENNEDY: I think those three points
13 are certainly what would help me. Could I ask just two
14 preliminary questions? They don't necessarily have to
15 do with this case, just to get something straight. I
16 take it that you couldn't have claimed this deduction
17 under 162 without getting into an argument that it
18 should be capitalized and that's why 212 is in the Code?

19 MR. RUBIN: Well, 212 and 162 are really
20 sort of two sides of the same coin. 162 is for costs
21 incurred in a trade or business, and there's no -- the
22 trust isn't engaged in a trade or business any more than
23 an individual who invests for the protection of property
24 is in a trade or business. 212, by contrast -- and the
25 text of 212 can be found in the governor's -- the

1 government's brief appendix at 5a -- 212 is about
2 expenditures for the preservation of property and for
3 income in that context. So that's why this is a 212,
4 not a 162.

5 JUSTICE KENNEDY: My other question is
6 background only. Perhaps I should ask the government.
7 Are 162 expenses subject to the 2 percent ceiling?

8 MR. RUBIN: My recollection is that 162 --
9 162 expenses are not subject to the -- they're not
10 miscellaneous itemized deductions.

11 CHIEF JUSTICE ROBERTS: Counsel, you agree
12 that as a taxpayer seeking an exception to a general
13 rule, you have the burden of proof in this case?

14 MR. RUBIN: No, Your Honor. We think that
15 -- well, there are really two things built into your
16 question, Mr. Chief Justice.

17 First is the question of who bears the
18 burden of proof in tax cases specifically, and as this
19 court has made clear, this was litigated below on a
20 slightly different theory. The government's theory has
21 changed during the pendency of the litigation. And
22 below they argued that this was a common expense for
23 individuals; yet they introduced no evidence of that.
24 And under the United States v. Janis, this Court's
25 decision in that case, they can't -- the government is

1 required to come forward with something before assessing
2 tax. But in terms of exceptions and rules, we can --

3 CHIEF JUSTICE ROBERTS: We can't take -- I
4 guess it's not judicial notice, but we can't assume that
5 individual investors with several million dollars of
6 liquid assets might hire investment advisors?

7 MR. RUBIN: They might hire investment
8 advisors, Your Honor, but we don't think that --

9 CHIEF JUSTICE ROBERTS: Do they usually hire
10 investment advisors?

11 MR. RUBIN: I don't think it's clear that
12 they usually hire investment advisors, but I think the
13 important point here, in a way, is the premise of your
14 question, which is that only certain trusts with certain
15 assets, under a test that looked at what the
16 Commissioner used to argue, which is commonality or
17 customariness of a particular expense, only -- the
18 Commissioner herself now argues that, that this test is
19 unmanageable because there's difficulty in figuring out
20 what the denominator of the fraction is. Do you mean
21 all people? Is it common among everyone, among
22 taxpayers, among taxpayers with certain assets? Would a
23 \$100,000 trust have to be treated differently than a
24 million dollar trust? Then there's the question of what
25 do you mean by "common." You suggested "usually" or

1 "sometimes," "might." That's not clear either. And
2 then ultimately there would have to be a trial somewhere
3 to determine whether costs like this are indeed common
4 to whatever standard was articulated. And I think this
5 is why --

6 CHIEF JUSTICE ROBERTS: I guess you'd
7 concede, wouldn't you, that you're not entitled to all
8 of the investment advice that you receive but perhaps
9 only that that is related to the trust status? In other
10 words, if your investment advisor charges you \$50,000
11 and, you know, 10,000 of it is unique to the trust, but
12 40,000 is the same sort of advice he'd give an
13 individual, you'd only be able to get the 10,000 outside
14 of the 2 percent limit?

15 MR. RUBIN: We think, Your Honor, that all
16 trust investment fees are distinctive, that what renders
17 them distinctive and renders them fully deductible under
18 the statute is that they are incurred as a result of
19 distinctive fiduciary obligations. We think the statute
20 draws a line between costs like that, that are incurred
21 as a result of distinctive fiduciary obligation, which
22 would include all investment management or advice fees,
23 and by contrast costs that inhere in ownership of a
24 particular piece of property and that any owner of that
25 property would have to pay.

1 JUSTICE SCALIA: Well, I don't -- I don't
2 really see that line. I mean, let's -- let's take, you
3 know, fixing the roof on a house that's in the trust.
4 Aren't there distinctive trustee obligations with
5 respect to preservation of property, just as there are
6 with respect to preservation of financial assets?

7 MR. RUBIN: Yes, Your Honor.

8 JUSTICE SCALIA: I think that's a very hard
9 line to draw.

10 MR. RUBIN: Yes, Your Honor. I think the
11 line is -- is actually easier to draw than your question
12 suggests. I think that fixing a roof on a house might
13 be a cost that is close to the line. It may be that
14 some -- for example, if there were an ordinance in the
15 community that required upkeep of a house, we think that
16 it would be subject to the 2 percent floor.

17 The archetypal example of a cost that we
18 think Congress intended and by this language we believe
19 Congress rendered subject to the 2 percent floor are the
20 costs of pass-through entities that might be owned by
21 the trust or estate. So, for example, if there's an S
22 corporation and its management incurs an expense, that's
23 reported back -- because the S corporation has no
24 independent existence, that's reported back to the
25 owner, individual or trustee, and is reported as an

1 administrative expense. It would be subject to the 2
2 percent floor from the individual who incurred it, and
3 it would have been incurred, which is the language of
4 the statute, whether or not --

5 JUSTICE SCALIA: I'm still --

6 MR. RUBIN: -- it was held in such trust or
7 --

8 JUSTICE SCALIA: I'm still trying to get
9 back to my original question. I -- I would like to know
10 what you think is not an expense that's distinctive to
11 -- to a trust, other than fixing the roof, because you
12 haven't persuaded me on that.

13 MR. RUBIN: The --

14 JUSTICE SCALIA: I think fixing a roof is
15 fixing a roof.

16 MR. RUBIN: The cost of -- not distinctive
17 costs would be the costs incurred by an S corporation
18 owned by the trustee.

19 JUSTICE SCALIA: Anything else?

20 MR. RUBIN: A condo fee, for example, that
21 simply essentially runs with the property. Whoever owns
22 this land is going to have to pay the condo fee.
23 Required insurance on a vehicle.

24 JUSTICE SCALIA: Isn't there a trustee
25 obligation to pay all -- all expenses which if not paid

1 will -- would cause a depletion of the assets?

2 MR. RUBIN: It's a question of --

3 JUSTICE SCALIA: Can't you say that that's a
4 trustee response -- I mean, if the criterion is he paid
5 this money only to discharge an obligation as a trustee,
6 it seems to me all of his expenses are in that category,
7 with the possible exception of the S corporations you're
8 talking about.

9 MR. RUBIN: Well, Your Honor, the costs are
10 distinctive in the case of -- of those things that are
11 caused by fiduciary obligation in the sense that we
12 describe because that's how they are caused. These
13 costs are incurred without regard to that fiduciary
14 obligation. They're paid perhaps because of fiduciary
15 obligation, but they are incurred through ownership of
16 the property.

17 And there is a hint in the text. If you
18 look at the text, you'll note that costs that are paid
19 or incurred are deductible. But this asks about whether
20 they would have been incurred if the property were not
21 held in such trust or estate.

22 JUSTICE GINSBURG: Mr. Rubin, you were not
23 willing to agree with the Chief when he said: Well,
24 maybe there are some investment expenses that are
25 special because this is a trust. But there must be some

1 that any investor would incur. But you say it's got to
2 be all one way.

3 MR. RUBIN: Yes, Justice Ginsburg. Trustees
4 cannot under law, and do not, invest as individuals do.
5 To begin with, they always have to keep their eye on
6 current, future, contingent and remainder beneficiaries
7 and treat them with equal fairness.

8 CHIEF JUSTICE ROBERTS: But they don't have
9 to hire investment advisors. There is a standard that
10 they may think they can meet on their own. They may --
11 you know, it may be an investment advisor that is the
12 trustee. He doesn't have to hire somebody else.

13 So it's not something that necessarily
14 inheres in the nature of the trust.

15 MR. RUBIN: Whenever a trustee hires an
16 investment advisor, it is to fulfill this fiduciary
17 obligation. It is true that there may be a trustee who
18 is expert in this.

19 CHIEF JUSTICE ROBERTS: Why -- if I could
20 pause you on that, why is that the case? Let's say it's
21 a -- the trustee understands perfectly his obligations
22 under the law. Let's just say he is supposed to
23 preserve capital and invest conservatively, but he wants
24 advice on which is the best conservative investment.

25 You know, is it railroads or is it

1 utilities? And that's the investment advice he seeks --
2 just that. He says: I know how I'm supposed to invest
3 as a fiduciary, but there are options in there, and I
4 just want advice on the options.

5 MR. RUBIN: Yes, Your Honor. I think that
6 that is actually quite a typical situation. The
7 trustee, of course, knows his or her obligations. It's
8 his or her inability to figure out how to fulfill them
9 that --

10 CHIEF JUSTICE ROBERTS: Well, isn't that
11 just like an individual investor? If you have an
12 individual investor with \$10 million in liquid assets,
13 he or she might know what he wants to do, either capital
14 appreciation or preservation, you know, whatever the
15 option is, but just wants some advice on how best to go
16 about that. That sounds exactly like the trustee in our
17 hypothetical.

18 MR. RUBIN: Well, Your Honor, there are
19 unique obligations. Some of these are set out in
20 Connecticut statutes. This is in our brief at page 7 of
21 the blue brief. There are ten considerations that
22 Connecticut law requires trustees to examine, including
23 things unique to trusts: the nature of the trust, its
24 duration. The need for liquidity or income versus
25 capital, which is principal growth versus income, is a

1 uniquely trustlike concern.

2 CHIEF JUSTICE ROBERTS: No. No. No. You
3 see, that's my difficulty with your position. It's not
4 uniquely trust because you certainly have individuals
5 who may want income rather than capital appreciation or,
6 you know, preservation of capital. They may have
7 exactly the same objectives as a trustee. It's not
8 unique to the trust.

9 MR. RUBIN: It -- I guess I have two answers
10 to that, Your Honor. It may, by happenstance, be that
11 out of the black box of investment advice an individual,
12 by happenstance, gets the same advice as a trust
13 somewhere; but it would be by happenstance. The
14 decisional process leading to obtaining the advice,
15 incurring the cost, is distinct for trust, and indeed
16 the advice they receive is distinct.

17 JUSTICE KENNEDY: Well, it seems to me that
18 that just simply couldn't have been Congress's purpose
19 in passing this statute because now you have a recipe
20 for avoidance. In most States -- California has a rule
21 that the trustee has to make prudent business
22 investments. I assume a great number of businessmen
23 outside the trust context think that they have their
24 principal objective of making prudent business
25 investments. But under your theory all expenses for

1 that objective would fall within this exclusion. I just
2 don't think that's what the Congress could possibly have
3 intended.

4 MR. RUBIN: Well, Your Honor, to begin with,
5 there is no risk here of tax avoidance through creation
6 of a trust. These are non-grantor trusts. There are
7 substantial costs involved in creating them, but, among
8 other things, the top bracket of 35 percent --

9 JUSTICE KENNEDY: Well, is that true just in
10 your case?

11 MR. RUBIN: No --

12 JUSTICE KENNEDY: Universally, there is
13 never a danger of tax avoidance? You want us to write
14 the decision on the assumption that tax avoidance is
15 never a problem in the creation of a trust?

16 MR. RUBIN: Well, the Commissioner concedes
17 at page 37 of her brief that there is no substantial
18 problem of income-splitting through the use of
19 non-grantor trusts; and, indeed, throughout --

20 JUSTICE GINSBURG: Is that true? And I'm
21 looking at testimony given by J. Roger Mintz in 1986
22 when this measure was before Congress, and in that
23 written testimony is the statement: "First, the
24 treatment of trusts as separate taxpayers with a
25 separate, graduated rate schedule can cause income to be

1 taxed at a rate lower than if the grantor had retained
2 direct ownership of the trust assets or given the assets
3 outright to the beneficiaries."

4 So apparently the Treasury was telling the
5 Congress that there is a problem.

6 MR. RUBIN: Yes, Justice Ginsburg. That
7 problem was solved in Section 1 of 26 U.S. Code -- and
8 this is described at page 37 of our brief -- by a
9 compression of the tax brackets. The 35 percent bracket
10 kicks in for non-grantor trusts at \$10,500. For an
11 individual it kicks in at \$349,000. As a consequence,
12 there is no incentive to move money into a trust in
13 order to avoid taxation at a -- at a lower rate.

14 JUSTICE SCALIA: Excuse me. I am not sure
15 what you mean by "non-grantor trusts." What is a
16 "non-grantor trust"?

17 MR. RUBIN: A non-grantor trust is a real
18 trust with economic substance. A grantor trust is a
19 trust in which the grantor retains certain powers, for
20 example it's revocable, or whatever; and it's treated as
21 -- people set them up for estate- planning purposes, but
22 --

23 JUSTICE SCALIA: Every trust has a grantor,
24 I assume.

25 MR. RUBIN: Yes, yes, yes.

1 JUSTICE SCALIA: So a "non-grantor trust" --

2 MR. RUBIN: But this is -- I guess this is a
3 term of art.

4 JUSTICE SCALIA: -- is a trust without any
5 money.

6 MR. RUBIN: Yes.

7 JUSTICE GINSBURG: A grantor trust would be
8 one of those pass-throughs.

9 MR. RUBIN: Yes. And, indeed, this, I think
10 -- and part of the answer to Justice Kennedy's question:
11 The problem of tax avoidance was dealt with in section
12 67)(c), where entities like that were -- were said to be
13 treated as pass-through entities with no independent
14 existence. But trusts and estates were excepted
15 specifically from that because of this absence of risk
16 of income-splitting. And, indeed, we think that the --
17 the structure of the statute, not merely its text, but
18 the structure of the statute, indicates that this is
19 what Congress intended.

20 It's not -- it's not written the way I would
21 have written it, Your Honor. But none of the other
22 readings are textually even supportable, and this --

23 JUSTICE STEVENS: May I ask this sort of
24 elementary question, and it may reveal my stupidity.
25 But actually sometimes these costs are incurred by

1 individuals, and sometimes they're not. But -- so that
2 you would normally think there's going to be a
3 case-by-case analysis of what happened in the particular
4 case.

5 But do I understand correctly that both you
6 and the government take the position that we should
7 apply the same rule across the board regardless of the
8 actual facts?

9 MR. RUBIN: I wouldn't say "regardless of
10 the actual facts," Your Honor. But I would say this:
11 We believe it's a categorical test.

12 The first of what the Commissioner calls her
13 textually plausible readings is literally a case-by-case
14 examination of what would have happened with this
15 property if it were held by whomever, the beneficiary,
16 the grantor, it's not clear whom. And, as they
17 described, Congress can't have meant that. And this
18 would be an imponderable. How would you ever --

19 JUSTICE STEVENS: That's the most normal
20 reading of the language, it's a case-by-case test. It
21 seems to me the -- probably the most unwise reading,
22 also.

23 MR. RUBIN: Well, Your Honor, I think -- I
24 see your point. And I think this is why, if you look at
25 the structure of Section 67, which treats pass-through

1 entities but not trusts and estates as presenting a risk
2 of income-splitting; if you look at the Code more
3 broadly, which permits deductions by trusts and estates
4 in many circumstances -- section 68 does; section 154
5 does -- when they're not permitted by individuals and
6 especially when you look at the statutory history
7 here --

8 Both houses of Congress -- well, this was
9 preexisting law, I should begin by saying. And then
10 both houses of Congress passed in the '86 Act this
11 statute without the second clause.

12 JUSTICE BREYER: I've read the legislative
13 history, which shows to me, anyway, precisely no light
14 whatsoever. It's -- the only relevant sentence, which
15 is the third sentence, simply repeats the statute. And,
16 therefore, I thought that what Congress is trying to do
17 is say, treat trusts like individuals, except in respect
18 to special expenses.

19 What are special expenses? Those that
20 are related to the trust and that an individual wouldn't
21 have occurred -- incurred. I can't say it much clearly
22 than that. But I have an absolutely clear idea what it
23 means. To me it means that if this is an expense that
24 the trust is saying is special, I would say, would a
25 reasonable person who did not hold these assets in

1 trust, would such a person be likely to make that kind
2 of expenditure?

3 And if the answer to that question is yes,
4 well, then I would say it's not a special expense. And
5 if the answer is no, I would say it was.

6 And then the IRS and you will come and say
7 that isn't precise enough. And I'd say the IRS has
8 plenty of authority in its regs to give lists of
9 examples which they do in such instances.

10 Now, I'm posing that, not because I bought
11 into it, though I'm tempted to, but I'd like to know
12 what your response is.

13 MR. RUBIN: Well, Your Honor, I guess my
14 response is severalfold. To begin with, the statute
15 doesn't ask what usually happens on the outside or
16 commonly or customarily, and indeed the Commissioner has
17 abandoned this reading of the statute precisely because
18 it presents the kind of imponderables that I was
19 discussing with the Chief Justice: What is usually
20 done? Do trusts of different sizes have different
21 rules? When a trust's assets come below a certain
22 point, what about that? And most importantly, it's not
23 in the text of the statute.

24 Now, the Commissioner concedes the
25 distinctive nature of trusts. And if you look at the

1 examples that she gives on page 23 of her brief of what
2 it is that, that is deductible in full, it's the same as
3 this: Fiduciary income tax preparation. Well,
4 people -- many people get income tax preparation for
5 individual income tax returns. The only difference is
6 it's a Form 1040 or a Form 1041.

7 Our case is much further from the line than
8 that because the investment advice must be tailored to
9 these, to these rules under Connecticut law.

10 CHIEF JUSTICE ROBERTS: Okay. Well, then
11 let's take that. Let's suppose that the trustee goes to
12 an investment advisor, doesn't tell him that he is a
13 trustee, just says, I need to know, I can't decide,
14 should I invest in Union Pacific or CSX? I'm going to
15 invest in a railroad; which one do you like better? He
16 doesn't tell him he's a trustee, gets some advice and
17 gets a bill. Is that subject to the 2 percent floor,
18 because presumably the advice has got nothing to do with
19 fiduciary responsibilities?

20 MR. RUBIN: If it has nothing to do with
21 fiduciary responsibilities, Your Honor, we think it
22 would be a breach of fiduciary obligation to get --
23 waste the trust money paying for the advice and to act
24 upon it.

25 CHIEF JUSTICE ROBERTS: Oh, no. It's a

1 reasonable -- let's say a railroad stock is a reasonable
2 investment for a trust. He just wants to know which one
3 is the best one.

4 MR. RUBIN: We think that this is intended
5 as a categorical rule. And we think that asking that
6 question is in furtherance of these unique obligations
7 and the prudent investor standard, which is not -- this
8 is a new standard that's developed in the United States
9 over the next decade or so. It is not merely what a
10 prudent man would do under the old Harvard College v.
11 Amory common law test.

12 Investments that individuals can and do
13 invest in are not open to trustees who have a series of
14 rules, some of which are counterintuitive, in fact,
15 about what they can do. And these are listed at pages 7
16 to 10 of our brief. But that -- what you're describing
17 we think is investment advice and if it's properly
18 obtained it is distinctive.

19 I should say also in response --

20 CHIEF JUSTICE ROBERTS: How can it be
21 distinctive if the advisor doesn't even know that the
22 person's a trustee?

23 MR. RUBIN: Well, the question is the
24 decisional process of the trustee. When the trustee
25 calls up anyone, the income tax preparer, and says I'd

1 like to hire you, he doesn't have to say at the moment
2 of hiring it's for a trust.

3 CHIEF JUSTICE ROBERTS: Well, when it's
4 filled out --

5 MR. RUBIN: He'll figure it out --

6 CHIEF JUSTICE ROBERTS: -- he knows it's on
7 Form 1041 rather than 1040.

8 MR. RUBIN: He will eventually come to know
9 that the form is different, Your Honor, yes. But I
10 don't think the subjective knowledge of the person from
11 whom one gets the advice is the question. The question,
12 I think, is textually directed to the incurment of the
13 cost.

14 And I should say also in part of response to
15 part of Justice Breyer's question, the statutory history
16 isn't merely the legislative history. It's the fact
17 that, despite having just the first prong in it when it
18 was passed by both houses of Congress, there was a floor
19 amendment in the Senate on the day that it passed the
20 Senate that dealt with pass-throughs. The first part of
21 67(c), and the changes made in the conference committee,
22 again as the Commissioner acknowledges at page 37 of her
23 brief, the changes made in conference, including the
24 addition of this, were to deal precisely with how should
25 we deal with pass-throughs and trusts, and trust

1 ownership of pass-throughs --

2 JUSTICE BREYER: There's nothing that I
3 could find anywhere that talked about pass-throughs in
4 respect to the special situation of trusts and estates.
5 In the first sentence it speaks to it in respect to
6 individuals. It all makes sense. And what they seem to
7 be saying is just what I said initially. We do agree
8 trusts do have a special claim, but only in respect to
9 special trust expenses. And which are they? They're
10 the ones an individual wouldn't have incurred.

11 And I'll put a gloss on it, like we do in
12 law. I say a reasonable individual. I say wouldn't
13 reasonably have incurred. And then I leave it up to the
14 IRS to say which are the expenses that an individual
15 would likely incur and which ones he wouldn't likely
16 incur.

17 Now, that runs throughout tax law, doesn't
18 it, that kind of list, what's a necessary expenditure,
19 what isn't. I mean, they do that all the time, don't
20 they?

21 MR. RUBIN: Yes, Your Honor. Regulations,
22 however, have to be both reasonable --

23 JUSTICE BREYER: Not buying into they're
24 thing with "could." I mean, that isn't my problem.

25 MR. RUBIN: Okay. If they drew a list of

1 what are the distinct trust costs, it would have to
2 include, if it includes fiduciary, income tax
3 preparation or, better yet, judicial accounting,
4 individual duties in the case of guardianships and so
5 on. This is of the same caliber and at the same level
6 of generality we think would have to be covered.

7 JUSTICE ALITO: But have they issued a
8 regulation drawing up this list at this point?

9 MR. RUBIN: There's only a proposed
10 regulation, Your Honor. And we believe that because
11 their readings are not textually supportable, are
12 unadministratable and aren't what Congress intended,
13 that after applying the ordinary tools of statutory
14 construction, there is only one meaning that this text
15 can have.

16 I'd like to respond to --

17 JUSTICE GINSBURG: Why is it not
18 administerable? Whether you think it's a faithful
19 rendition of the statute is one thing, but this is
20 exactly what Justice Breyer was talking about. It says
21 these are the things that are special to the trust, and
22 then these are the things that are not. That's what the
23 proposed reg does, right?

24 MR. RUBIN: Yes, Your Honor. It is -- it's
25 a little bit of a moving target but it does say that.

1 If those are nonexhaustive lists and the difficulty of
2 allocating these costs of attributing them to one thing
3 or another, putting in place systems that trustees that
4 charge unitary fees, which is what corporate trustees
5 do, is enormous. And some of this can be seen in the
6 comments, the public comments to the regulation, some
7 excerpts of which are included in the appendix to our
8 reply brief.

9 But this is not a simple test. And indeed,
10 the Commissioner essentially concedes that, saying that
11 she would need to have safe harbors or some other
12 unprincipled line because of the difficulty.

13 I'd like to reserve the balance of my time.

14 CHIEF JUSTICE ROBERTS: Thank you,
15 Mr. Rubin.

16 Mr. Miller.

17 ORAL ARGUMENT OF ERIC D. MILLER

18 ON BEHALF OF THE RESPONDENT

19 MR. MILLER: Mr. Chief Justice, and may it
20 please the Court:

21 Section 67(e) creates a narrow exception to
22 the 2 percent floor for costs which would not have not
23 have been incurred if the property were not held in
24 trust.

25 JUSTICE GINSBURG: It wasn't narrow in the

1 beginning, right?

2 MR. MILLER: Well, that's correct, Your
3 Honor. The second clause was added in a floor
4 amendment. Initially Congress had drafted just the
5 "which are paid" -- "which are incurred or paid in
6 connection with the administration of the estate or
7 trust." Then the second clause was added. And that
8 clause demands that the costs would not have been
9 incurred if the property were not held --

10 JUSTICE GINSBURG: This is somewhat of a
11 mystery, the wording of that clause. And since it came
12 in at the very last minute, isn't it appropriate to give
13 it a limited reading, rather than, in your suggestion,
14 that this provision that up until the very end read just
15 administration, "costs paid or incurred in connection
16 with the administration of the estate or trust,"
17 period? And then there was this add-on. Why should we
18 give that an expansive meaning?

19 MR. MILLER: I think, regardless of the
20 timing, Your Honor, Congress chose to enact it and that
21 choice has to be given effect. And I think when you
22 look at the way that the section as a whole is set up,
23 67(e), the first introductory clause creates the general
24 principle that for purposes of this section the adjusted
25 gross income of an estate shall be computed in the same

1 manner as in the case of an individual, except that, and
2 then there is clause one.

3 So in the context of this section, we have a
4 general rule and then an exception. And that ought to
5 be interpreted in light of the usual principle that
6 exceptions, particularly ambiguous exceptions, should
7 not be construed so as to swallow up the entirety of the
8 rule, which is essentially what Petitioner's
9 interpretation would do.

10 JUSTICE SCALIA: Why do you think that the
11 only instances where the expense would not have occurred
12 are those instances where it could not have occurred?
13 That doesn't strike me as self-evident.

14 I mean, I understand why you do it, so that
15 can you have a nice clear line, which I am all for. But
16 the line given by your colleague is just as clear. I
17 don't know why I should accept yours when -- I mean,
18 "would" just does not mean "could." I mean, would have,
19 could have, should have, it's -- they're different
20 words.

21 MR. MILLER: Well, they are -- they're
22 certainly different words. We're not suggesting that
23 they are synonyms. But we are suggesting that there are
24 contexts in which the word "would" can carry the same
25 meaning that is also expressed through the word "could."

1 JUSTICE SCALIA: Give me a context where --
2 where -- other than this statute, where in common
3 parlance people use "would" to mean "could."

4 MR. MILLER: Another example would be if I
5 were to say that that glass would not hold more than 8
6 ounces of water, that would mean that it could not hold
7 more than 8 ounces of water.

8 JUSTICE SCALIA: No, I don't think it would
9 mean that.

10 JUSTICE BREYER: A glass --

11 JUSTICE SCALIA: Anything that could not be
12 done of course would not be done. But that doesn't mean
13 that the -- that the two words mean the same thing.

14 MR. MILLER: But --

15 JUSTICE SCALIA: It's true that one is
16 included within the other, but they don't mean the same
17 thing.

18 MR. MILLER: Would -- I think that the
19 unadorned use of the word "would" here --

20 JUSTICE SCALIA: What could not happen would
21 not happen, of course. But it doesn't mean that -- the
22 two concepts are not the same.

23 MR. MILLER: I think, when -- when you have
24 the word "would," as we have in this statute, that's not
25 qualified in any way, it's ambiguous in the sense that

1 it can mean definitely would not have been incurred,
2 probably would not have been incurred, customarily,
3 ordinarily would not have been incurred, which is the
4 meaning --

5 CHIEF JUSTICE ROBERTS: You didn't think
6 much of this argument before the Second Circuit adopted
7 it, did you? You didn't argue this before the Court of
8 Appeals?

9 (Laughter.)

10 MR. MILLER: We did not argue it before --

11 CHIEF JUSTICE ROBERTS: So you have a
12 fallback argument.

13 MR. MILLER: Well, that -- that's right.

14 CHIEF JUSTICE ROBERTS: Well, now might be a
15 good time to fall back.

16 (Laughter.)

17 JUSTICE BREYER: Before -- I mean, we have
18 lots of good examples. I mean, I could have colored my
19 room at home, painted it with light green plastic, but I
20 wouldn't have done it. I mean, endless examples.

21 MR. MILLER: Right. And certainly the
22 statute also admits of the reading given to it by the
23 Fourth and Federal Circuits, which is that "would not
24 have been incurred" means customarily or ordinarily
25 would not have been incurred by individuals.

1 JUSTICE KENNEDY: If we can rush to the
2 fallback position, is it acceptable to have a test that
3 says would the expense have been incurred if the
4 nontrust business wanted to achieve an objective that
5 the trust wanted to achieve here, fixing the roof?

6 MR. MILLER: I -- I think that that raises
7 the question of what is the relevant comparison group
8 for -- for individuals outside of the trust side of it.

9 JUSTICE KENNEDY: And I think the structure
10 of the statute requires us to -- to do that.

11 MR. MILLER: That's right. And -- and we
12 would suggest that the relevant comparison is
13 individuals with -- with similar assets, right, because
14 it's in the absence of a trust, not if the property did
15 not exist. So you have to look at an individual who
16 held those assets outright, and an individual with those
17 assets trying to achieve those goals might well seek
18 investment advice.

19 JUSTICE ALITO: Will, you give as an example
20 of something that wouldn't fall within the 2 percent
21 floor the cost of preparing and filing a fiduciary
22 income tax return. What is the difference between that
23 and getting fiduciary investment advice?

24 MR. MILLER: The -- the difference is --

25 JUSTICE ALITO: Just because it's a

1 different form that's filled out?

2 MR. MILLER: What --

3 JUSTICE ALITO: Is it more expensive to --
4 to fill out a 1041 than to fill out the 1040?

5 MR. MILLER: It's more expensive because
6 it's an additional cost. If an individual were to hold
7 the property outright, he or she would simply put the
8 income from that property on his own 1040. If in
9 addition there is a trust, then the trust has to fill
10 out a 1041, the trust also has to prepare Form K-1s and
11 send them out both to the beneficiaries and to the IRS,
12 showing the beneficiaries' share of the trust income,
13 and then the individual still has to file a 1040. So
14 the existence of the trust has created this whole
15 additional set of filing and reporting obligations.

16 JUSTICE SOUTER: Yes, but it's the
17 individual who has to file the 1040. What the trustee
18 is filing is the 1041. And -- and why do you place -- I
19 was going to ask the same question that Justice Alito
20 did, and that is why do you place so much significance
21 either in the label, i.e., it's fiduciary return, or in
22 the peculiar fact that it is a fiduciary who is filing
23 that return?

24 It's a tax return and -- and I think your --
25 the government's argument is that with respect to -- to

1 other items that may be disputed, you should regard them
2 at a fairly general level, i.e., investment advice, not
3 fiduciary investment advice. But when you come to the
4 tax return, you don't regard it as a general -- at a
5 general level; you regard it at a very specific level,
6 i.e., a fiduciary tax return. It seems to me that the
7 government with respect to the tax return is doing
8 exactly what it criticizes the taxpayer for doing with
9 respect to investment advice. And I don't understand
10 the distinction.

11 MR. MILLER: With respect to the tax return,
12 it's not that it's a fiduciary tax return as opposed to
13 an individual tax return; it's that it's an extra tax
14 return that has to be filed.

15 JUSTICE SOUTER: Well, it's the only tax
16 return that the fiduciary has to file; isn't that
17 correct? The fiduciary files that tax return and the
18 beneficiary files a 1040.

19 MR. MILLER: That's right, but if the
20 beneficiary --

21 JUSTICE SOUTER: But the only return the
22 fiduciary's filing is the 1041; isn't that right?

23 MR. MILLER: That's the only -- but in that
24 -- in the system of the beneficiary and the fiduciary
25 there are two tax returns that have to be filed, whereas

1 --

2 JUSTICE SOUTER: Okay; I understand that
3 that is a factual difference, but I don't understand
4 what it is that makes that a difference in principle.

5 MR. MILLER: I think that -- that's an extra
6 obligation that would not have been incurred in the
7 absence of the trust. And I think, turning to the case
8 of investment advice, I think there is really no level
9 of generality or particularity at which one can look at
10 investment advice such that there is anything unique
11 about trust investment advice.

12 JUSTICE SOUTER: Well, can't you ask it --
13 can't -- can't you ask this question pointing towards
14 something unique: If the individual investor does a
15 very poor job of managing his investments, all he can
16 ultimately do is cry about it. But if the trustee does
17 a very poor job, the trustee is going to get sued. So
18 that when the trustee asks for an investment advisor's
19 advice, the trustee is addressing an issue that the
20 individual does not have. The trustee wants to be
21 covered. He also, I presume, wants to be a good
22 trustee. But he is in fact doing something which is, to
23 use your phrase, in addition to what the individual
24 investor would do. He is looking out for somebody else
25 and he is looking out for himself if the investment goes

1 south. Why isn't that a sufficient difference that is
2 at least comparable to the difference that you talk
3 about in the filing of a fiduciary tax return?

4 MR. MILLER: It's not a difference, because
5 if the individual invests poorly he'll lose money. And
6 if the -- and he'll lose his own money. If the
7 fiduciary invests poorly he may get sued and the measure
8 of damages in that suit will be the amount of money he
9 lost. So they're both facing the possibility of losing.

10 JUSTICE SOUTER: Yes, but whether -- whether
11 he gets socked with damages or not is going to depend in
12 part whether he is covered by an investment advisor's
13 bit of advice; and that is -- that is a different item
14 in the calculus of liability. He is providing for
15 something that the individual investor does not provide
16 for or need to provide for.

17 MR. MILLER: Well, the -- the standard of
18 conduct that is supposed to govern the fiduciary is the
19 prudent investor rule, which looks at what a reasonable
20 prudent individual would do in managing his own money so
21 I think that --

22 JUSTICE SCALIA: Well, I have the same
23 problem. You know, I -- it seems to me that it is
24 entirely reasonable to say only a trustee can seek
25 investment advice concerning what he should do to

1 fulfill his responsibilities under the trust. Only a
2 trustee can do that. A private individual might seek
3 investment advice as to how he could maximize the income
4 or -- or the growth of the funds that he has, but
5 only -- only a trustee seeks advice as to how he can
6 fulfill his responsibilities under the trust. And you
7 could say that's distinctive. No individual would do
8 that because he's not a trustee.

9 MR. MILLER: But there's no distinction in
10 that case in the -- in the fee that's charged or in the
11 advice that's given by the investment advisor. In
12 either case somebody goes to the advisor and says, I
13 have the following goals that I want to achieve with
14 this money. It may be my money; it may be a trust's
15 money. And the advisor thinks about those goals and
16 comes up with -- with investment advice. And those
17 goals --

18 JUSTICE SCALIA: It may -- it may well be
19 the same advice, but in -- but in one case it is -- it
20 is advice sought by and given to a trustee, a unique
21 kind of advice. In -- in substance, it may turn out to
22 be the same; but it's not the same advice you're giving
23 to a private individual. You're saying here's the trust
24 instrument and here are the objects to be achieved by
25 the trust instrument and this is the -- the advice that

1 will best do that. That doesn't happen with an
2 individual.

3 MR. MILLER: I mean, but for the fact that
4 the word "trust" is in there, I think the substance of
5 the interaction with the investment advisor is exactly
6 the same.

7 JUSTICE ALITO: But doesn't your proposed
8 regulation concede that there is investment advisory
9 advice that is unique to -- to estates and trusts?
10 Isn't that what subparagraph C says?

11 MR. MILLER: No. Subparagraph C has two
12 lists, both of which are nonexclusive: a list of items
13 that are unique to trusts and a list of items that are
14 not unique to trusts. In the list of items that are not
15 unique to trusts is investing for total return. There
16 is no type of investment advice --

17 JUSTICE GINSBURG: Why that limitation? Why
18 wouldn't it say just "investment advice," but it's --
19 investing for total return is more limited?

20 MR. MILLER: I think perhaps because that's
21 most obviously the type of advice that is not unique to
22 trusts. But the -- the proposed regulation does not
23 identify any kind of advice that is unique to trusts.

24 JUSTICE GINSBURG: It doesn't say it's one
25 or the other. So it's not so sure, right? It's sure

1 about advice on investing for total return.

2 MR. MILLER: And --

3 JUSTICE GINSBURG: In other words, the
4 regulation, the proposed regulation, doesn't answer this
5 case of investment advice in general as opposed to
6 advice on investing for total return.

7 MR. MILLER: You're right that the
8 regulation in terms of the enumeration in subsection (b)
9 is silent on the question of other types of --

10 JUSTICE SCALIA: Can you really spice up
11 advice that way? You ask the advisor, say, which --
12 what percentage of your advice was the advice that went
13 to maximizing total return and what percentage went to
14 this other thing? I mean, gee, I don't want to get
15 courts into trying to figure that out, or private
16 individuals or financial advisors in trying to figure
17 that out. That's just a crazy way to run a tax system,
18 it seems to me.

19 MR. MILLER: I think that's right, and
20 that's why I think that the -- despite the fact that
21 investing for total return is the only example given in
22 the list, which, again, is described as not exclusive.
23 I think the best reading of the proposed regulation is
24 --

25 JUSTICE SCALIA: But that's not all advice.

1 That's just some of the advice, right?

2 MR. MILLER: Yes.

3 JUSTICE SCALIA: Now, what about the rest of
4 it? How do you slice up, you know -- now, investment
5 advisor, tell me what percentage of your advice went to
6 the total return and what percentage went to other
7 things. I don't think the investment advisor is going
8 to be able to tell you.

9 MR. MILLER: I think the best reading of the
10 proposed regulation, and perhaps the Service may well
11 clarify this during the rule-making process, is that all
12 advice is not unique to trusts because there's no type
13 of advice that a trustee could seek that an individual
14 could not --

15 JUSTICE GINSBURG: They certainly weren't
16 sure about it when they drafted this regulation,
17 proposed regulation.

18 MR. MILLER: Well, it is -- it's just a
19 proposal, again, and I think they picked what's perhaps
20 the most obvious.

21 JUSTICE GINSBURG: But in other categories,
22 they express no such limitation. Custody or management
23 of property, not qualified. And they -- but when you
24 get to investing, it has that total return. Everything
25 else has got maintenance, repair, insurance.

1 MR. MILLER: That's right. And there's also
2 a fairly extensive list of nonexclusive -- of nonunique
3 products or services, and that does not include any
4 other type of investment advice. So I think what one
5 can draw the opposite inference from that list, but in
6 any event, that's something that could be clarified in
7 the rule-making process.

8 Returning to --

9 CHIEF JUSTICE ROBERTS: So how does your
10 customary or commonly incurred test work? Let's say you
11 have two trusts, one \$10 million, the other 10,000. I
12 think an individual with \$10 million might well seek
13 investment advice, but an individual with only 10,000
14 might decide it's not worth it. Would you have a
15 different application of the 2 percent rule for those
16 two trusts?

17 MR. MILLER: I think if the test is whether
18 -- whether the individuals would have -- would commonly
19 ordinarily incur that cost, I think one might well look
20 at that because the comparison would be individuals with
21 similar assets, and, as Your Honor knows, there might be
22 a difference depending on the size.

23 CHIEF JUSTICE ROBERTS: How many -- how many
24 individuals do you need? Let's say it's \$3 million in
25 the trust, and we think maybe 60 percent of people would

1 hire an investment advisor; 40 percent would think they
2 can do just as well on their own. Is that customarily
3 incurred by individuals?

4 MR. MILLER: I think it might well be enough
5 that -- for something that the Service could clarify
6 through --

7 CHIEF JUSTICE ROBERTS: Your answer to both
8 questions is "might well be," and that's a fairly vague
9 line when it comes to taxes.

10 MR. MILLER: The --

11 JUSTICE SCALIA: And whatever line you --
12 you pick, I guarantee you, trusts are going to break
13 themselves up into mini-trusts that fall under the line.
14 I mean people aren't stupid.

15 (Laughter.)

16 CHIEF JUSTICE ROBERTS: Or, even worse,
17 advisors are going to break themselves up into different
18 advisors. There's going to be somebody who says I'm a
19 fiduciary advisor whenever a trustee calls, but, I'm a
20 normal advisor, when it's an individual.

21 MR. MILLER: I think the difficulty in
22 applying that test is one of the reasons why we suggest
23 that the categorical -- the more categorical approach,
24 which we think is also a permissible reading of the
25 statute, is the preferable one. But, in either event,

1 if the test is customarily or ordinarily incurred, it
2 was Petitioner's obligation in the tax court to show
3 that they qualified for the exemption from the 2 percent
4 floor. And so it would be Petitioner's burden to show
5 that this is a cost not that's customarily or ordinarily
6 incurred by individuals.

7 CHIEF JUSTICE ROBERTS: What's your best
8 case for that proposition? Your colleague resisted the
9 notion that he had the burden and what's your best case
10 for that?

11 MR. MILLER: It's not a case, but it's the
12 rule. Tax Court Rule 142 places the burden of proof on
13 the taxpayer. Petitioner sites --

14 CHIEF JUSTICE ROBERTS: But I thought that
15 rule applied to the applicability of individual
16 exemptions. Here we have a different question. It's
17 how to read an exception to the general rule. Do you
18 have a case for a proposition that the taxpayer has the
19 burden in those cases? You said that in your brief, but
20 it didn't have a case cite with it.

21 MR. MILLER: No. We don't have a case, but
22 the rule is unqualified in terms of its applicability.
23 It doesn't say only on particular issues. And the case
24 that Petitioner cites is United States against Janis,
25 which is about a "naked" assessment, which is far

1 removed from what we have here.

2 JUSTICE GINSBURG: Are you saying --

3 MR. MILLER: A "naked" assessment is --

4 JUSTICE GINSBURG: Are we saying, as a
5 question of law, the taxpayer has the burden of proof?
6 If it isn't a question of proof, it isn't a question of
7 evidence?

8 MR. MILLER: No. I was referring to
9 questions of fact. I understood the question to be if
10 the legal test turns on the factual question of what is
11 it, what is customary or ordinary for individuals to
12 incur, then on that fact, that would be a factual issue.

13 JUSTICE BREYER: Well, what would -- that's
14 why I made the suggestion I had earlier. I was doubtful
15 about the wisdom of trying to turn this matter into a
16 purely factual one. And so suppose you said, which
17 would come to about the same thing, that expenditure
18 would be incurred in this instance by someone who didn't
19 hold these assets in trust. What that means is would a
20 -- an investor not in the trust, not holding it in
21 trust, reasonably have been, or a reasonable investor
22 have been likely to make this expenditure? That turns
23 it into a more quasi-legal question where people -- and
24 then it's a matter of judgment, which these things do
25 come down to. That's what judges are there for, to

1 judge. And thereby we avoid the burden-of-proof
2 problem. It comes to about the same thing. Is there
3 any objection to it? What's the reason not to do it?

4 MR. MILLER: If that is the test, then it's
5 very easy to apply to the case of investment advice,
6 because we know that the trustee's obligation is to act
7 as a reasonable and prudent individual would. And so we
8 know that if -- to the extent that the trustee seeks
9 investment advice in pursuance of that obligation --

10 JUSTICE BREYER: But are you --

11 MR. MILLER: -- that would --

12 JUSTICE BREYER: You would be, of course,
13 exactly right, that there could be trusts, very big
14 trusts. Children get into fights trying to split up the
15 assets. Millions is paid on lawyers and investment
16 advisors to see if each share, figured 14 different
17 ways, is going to earn this money or that money. And
18 that kind of thing exists. And there the investment
19 advisors are likely to be special. So you can't say
20 investment advice is always special or never special.

21 Now, again, this seems to me not unknown,
22 this kind of problem, to the Internal Revenue law, and
23 therefore there tend to be methods of allowing
24 exceptions, of putting burdens. I mean, is this case
25 somehow -- am I wrong about that?

1 MR. MILLER: I think that to the extent that
2 you're suggesting that the Service could be -- could
3 clarify the statute through the use of regulations, we
4 certainly agree with that. The service has the ability
5 to resolve some of the ambiguities.

6 JUSTICE BREYER: I'm looking really for a
7 form of words to write that does not use the word
8 "could" but which gets at what I think the statute was
9 after, which is: Let them have this no floor for their
10 special stuff but not for ordinary stuff that others
11 would have incurred regardless. I want to know what
12 form of words. I find it difficult to go beyond the
13 statute, frankly.

14 JUSTICE SCALIA: I think "would not have
15 occurred" is pretty good --

16 JUSTICE BREYER: Yes.

17 JUSTICE SCALIA: -- actually.

18 JUSTICE BREYER: That's right. That's
19 right.

20 (Laughter.)

21 MR. MILLER: The -- the formulation that the
22 Service has proposed of course is to look at costs that
23 are unique to --

24 JUSTICE BREYER: If I reject this word
25 "could" and "uniqueness," now what form of word should I

1 write?

2 MR. MILLER: I think "ordinarily" or
3 "customarily" is also a permissible interpretation of --

4 JUSTICE BREYER: If had you to choose
5 between that and getting the idea of the reasonable
6 taxpayer who didn't hold this in trust, which would you
7 choose?

8 MR. MILLER: I think they are actually very
9 similar inquiries, because we expect that the reasonable
10 person is the ordinary person. So I think in practice,
11 those formulations get you to the --

12 JUSTICE KENNEDY: It almost sounds like
13 ordinary and necessary under 162?

14 MR. MILLER: Well, ordinary and necessary
15 under -- I mean here we are talking about -- as
16 Mr. Rubin said, it's under 212.

17 JUSTICE KENNEDY: 212. I understand that.

18 MR. MILLER: It's not in connection with a
19 trade or business. Ordinary and necessary in that
20 context means simply that it's a legitimately connected
21 to the production of income. That's a requirement for
22 it to be deductible at all.

23 JUSTICE ALITO: It seems to me the
24 difficulty is in characterizing the level of generality
25 at which you describe the cost, not whether it's

1 ordinary or customary or unique. You run into the same
2 problem no matter how you do that, but you have to
3 decide whether you're talking about investment advice or
4 fiduciary investment advice, tax preparation costs or
5 fiduciary tax preparation costs. And what is the
6 formula for making that distinction?

7 MR. MILLER: I think what the Service is
8 trying to do in the proposed regulation and what we have
9 suggested is appropriate is simply a common sense
10 practical approach to that. And there may be some
11 difficult cases at the margin. And that's one of the
12 things that the service will try to --

13 JUSTICE GINSBURG: And this must be one.
14 The Service must think this is one because it was
15 certain about the tax return. It says tax return that
16 doesn't get the subject to the 2 percent but only this
17 kind of investment advice for total return. So that the
18 Service didn't see this as a clear and certain category.

19 MR. MILLER: Again, I think what the Service
20 was doing there was picking out just the most obvious
21 example. But there simply is no such thing as fiduciary
22 investment advice that is distinct from --

23 JUSTICE ALITO: How do we deal with this
24 problem until there is a regulation? It may be that if
25 the Service issues a regulation and says that these fall

1 into one category and these fall into the other, that
2 would be entitled to a deference. But right now we
3 don't have a regulation, right? So what do we do?

4 MR. MILLER: I think what we have suggested
5 is there are two -- there are a couple of possible
6 readings of the statute based on the ambiguity in the
7 word "would." And in the absence of a regulation, we
8 are not suggesting that the Service's position is
9 entitled to deference under Chevron. But I think some
10 deference to the consistent position of the Service
11 since the statute was enacted that the investment advice
12 be subject to the 2 percent floor.

13 JUSTICE STEVENS: May I ask you the same
14 question I asked your adversary? Whether you use the
15 term "could" or "customarily" or whatever you're
16 formulating, the bottom line, as I understand your
17 position, is that these costs will never be deductible?

18 MR. MILLER: They will -- they will be
19 deductible but they will be subject to the floor.

20 JUSTICE STEVENS: But they will never -- you
21 would not say some trusts yes, and some trusts no?

22 MR. MILLER: Well, under -- I mean, if the
23 test were customarily or ordinarily, it might be the
24 case that a trust could show that given the nature of
25 the assets in it, if it were --

1 JUSTICE STEVENS: Would you have to have a
2 case-by-case analysis of the facts as to whether the
3 particular advice would have been sought, whether the
4 advice was by a trustee or by an individual?

5 MR. MILLER: It's not -- we are not
6 suggesting that it's at the level of that particular
7 advice. The question would be --

8 JUSTICE SCALIA: The cost of the advice?
9 What percentage of the costs incurred by a trust do you
10 think the investment advice consists of? I mean, it
11 seems to me the main thing a trustee ordinarily does, at
12 least if he is a trustee of just cash, is to invest it.
13 It seems to me his major expense must be getting
14 financial advice, isn't that right?

15 MR. MILLER: I don't know the answer to
16 that. The Service --

17 JUSTICE SCALIA: Well, imagine something
18 else. Guess. What other, what other expense could even
19 approximate that?

20 MR. MILLER: One --

21 JUSTICE SCALIA: And then my follow-up is,
22 is there any -- I don't care about legislative history
23 but some of my colleagues do. Is there any -- is there
24 any indication that Congress thought it was, it was
25 whacking trusts with this immense new tax with respect

1 to their major expenditure? I expect it must be their
2 major expenditure.

3 MR. MILLER: To take your second question
4 first, the legislative history is silent on specifically
5 what Congress's objective was in section 67(e).

6 JUSTICE SCALIA: The dog didn't bark.

7 MR. MILLER: But I think -- but I think what
8 one can infer from legislative history of the '86 Act
9 and more broadly and from the text of the statute is
10 that Congress wanted property to be treated the same,
11 regardless of whether it was held by an individual
12 outright or held by a trust. So if an individual would
13 incur certain costs if he held the property outright,
14 those costs shouldn't be able to escape the 2 percent
15 floor simply because the property is placed into a
16 trust. But if the trust -- the existence of the trust
17 relationship creates some new or additional costs that
18 would not have existed otherwise, then those are not
19 subjected to the 2 percent clause.

20 JUSTICE SCALIA: Well, you know a trust is
21 sort of like a business. And deductions that an
22 individual could not take if he were not in a business
23 are perfectly okay for a business. And I don't know why
24 trusts wouldn't be treated the same way. A trust has to
25 get investment advice. True? When it's -- when it's an

1 individual getting it, you wouldn't allow a deduction,
2 but a trust is different.

3 And unless Congress is clearer than this
4 statute, I -- it seems to me that no individual would
5 get trust investment advice. Only a trust can get trust
6 investment advice.

7 MR. MILLER: Well, individuals could get --
8 could and do get investment advice that is no different
9 in substance from the advice the trust might get. And a
10 trustee might decide that he didn't need investment
11 advice if the trustee is financially sophisticated and
12 doesn't need an advisor. To go --

13 CHIEF JUSTICE ROBERTS: What if you get a
14 bill from the investor advisor, and it's \$50,000 and
15 it's broken up, 30,000 is general stock picking advice,
16 and 20 percent is specialized fiduciary advice? In
17 other words, they figure out what good stocks are they
18 pushing these days and they go down and say, well,
19 you're a trustee, you can't buy this you can't buy that.
20 You would -- would you agree that the \$20,000 is not
21 subject to the 2 percent floor but the 30,000 is?

22 MR. MILLER: Yes. As we acknowledged in our
23 brief, if the advisor -- or another example would be if
24 the advisor imposed some extra charge on the fiduciary
25 accounts for whatever reason, that would be an expense

1 that an individual going to that same advisor could not
2 incur or ordinarily would not incur.

3 JUSTICE SCALIA: But the individual who
4 wanted to maximize income, for example, if the trustee
5 has to maximize income for some of the life
6 beneficiaries or something, an individual could seek
7 that same advice if he wanted that particular result
8 from the investment, couldn't he?

9 MR. MILLER: That's right. I understood the
10 question to refer to the case where the advisor charges
11 some extra fee because the client is a trust.

12 JUSTICE SCALIA: Oh, I didn't understand it
13 to be that. I thought it was going to be, you know, the
14 advisor had to figure out we need so much for the, for
15 the remainder man and so much for the life beneficiaries
16 and so forth. You don't think that would be enough?

17 MR. MILLER: No. No. It wouldn't be.

18 Thank you.

19 CHIEF JUSTICE ROBERTS: Thank you,
20 Mr. Miller.

21 Mr. Rubin, you have four minutes remaining.

22 REBUTTAL ARGUMENT OF PETER J. RUBIN

23 ON BEHALF OF THE PETITIONER

24 MR. RUBIN: Trust investment advice is
25 always distinct from the investment advice that's given

1 to individuals, both because of the demanding legal
2 obligations specifying certain factors that have to be
3 taken into account by the trustee in investing and
4 because of the risk of personal liability.

5 JUSTICE KENNEDY: What do you have to
6 support that? I resist accepting that broad
7 proposition, and I don't know where to look or who to
8 ask in order to determine its -- its truth or falsity.

9 MR. RUBIN: Well, I think, Your Honor, if
10 you look at, at our brief, at pages 7 through 10, there
11 is a discussion of the specific legal factors that are
12 codified in Connecticut law in the Uniform Prudent
13 Investor Act, which does not, as the Commissioner
14 suggested, require people to invest as a prudent
15 individual, but it's a different standard.

16 So, for example, safe investments,
17 conservative investments are not permitted any more in
18 many circumstances to trustees when an individual could
19 well engage in that kind of investment. Investment in
20 areas that the trustee is familiar with is not adequate
21 to meet this obligation. So the advice really is
22 tailored as a matter of state law in the trust
23 instrument in every case to the trust.

24 CHIEF JUSTICE ROBERTS: But it could also be
25 tailored to an individual with particular circumstances

1 that are similar to that of the trust. So an individual
2 could incur it. An individual with the same amount of
3 money involved probably would incur it.

4 MR. RUBIN: No trust, Your Honor, has
5 exactly the same circumstances as a trust, because
6 trusts always have, by definition, more than one
7 beneficiary. There is always a remainder beneficiary,
8 at least. Ordinarily there will be --

9 CHIEF JUSTICE ROBERTS: So an individual
10 might have more than one child he wants to provide for
11 and as far as a remainder, there may be more than one
12 grandchild. It could be exactly the same -- an
13 individual could have exactly the same objectives as a
14 trustee.

15 MR. RUBIN: The decision process for the
16 investments will be different in the case of a trustee,
17 though, than for an individual. And a trust, of course,
18 could be multigenerational. This trust will probably
19 last for about a hundred years from the time that it was
20 initially adopted.

21 I should also say --

22 JUSTICE SCALIA: Mr. Rubin, is it the advice
23 that's different or is it -- is it the inquiry that's
24 different.

25 MR. RUBIN: Both. The decision -- the

1 decision to hire the investment advisor is an exercise
2 of fiduciary judgment taking into account these -- these
3 factors; and the advice that you're paying for is a
4 different service that's tailored to the trust. This,
5 therefore -- the Commissioner acknowledges that -- that
6 the -- that trusts are distinct. But -- but resists
7 the -- the analogy between, for example, fiduciary
8 income tax returns or judicial accountings and other tax
9 returns.

10 JUSTICE STEVENS: Mr. Rubin, is there a
11 subcategory of investment advisors who hold themselves
12 out to be fiduciary investment advisors?

13 MR. RUBIN: I believe, Your Honor, there may
14 be specific fees for trust investments that are offered
15 by firms that -- that provide investment advice.
16 Whether there are specific advisors who will take only
17 fiduciary clients, I don't --

18 JUSTICE STEVENS: Or even those who
19 advertise themselves as specialists in fiduciary advice?
20 I never heard of them. Maybe there are.

21 MR. RUBIN: Well, I think that this actually
22 points out, Justice Stevens, part of the problem with
23 the Commissioner's position, which is it relies on
24 labels. The Commissioner has said it's a common --

25 JUSTICE GINSBURG: As far as a tax return,

1 are there accountants this specialize in trust tax
2 returns as opposed to individual or corporate returns?

3 MR. RUBIN: Not that I know of, Your Honor.
4 My sense is that an income tax preparer will be willing
5 to prepare an income tax return for a fiduciary or an
6 individual. I see that my time has expired.

7 CHIEF JUSTICE ROBERTS: Thank you,
8 Mr. Rubin. The case is submitted.

9 (Whereupon, at 11:03 a.m., the case in the
10 above-entitled matter was submitted.)

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

A				
abandoned 19:17	administrable 4:7	advisors 6:6,8 6:10,12 11:9	39:15	authority 19:8
ability 44:4	administration 3:17 26:6,15	37:16 40:17,18	applied 41:15	avoid 15:13 43:1
able 7:13 38:8 49:14	26:16	43:16,19 54:11	applies 3:22	avoidance 13:20 14:5,13,14
above-entitled 1:14 55:10	administrative 9:1	54:12,16	apply 17:7 43:5	16:11
absence 16:15 30:14 33:7 47:7	admits 29:22	advisory 36:8	applying 24:13 40:22	a.m 1:16 3:2 55:9
absolutely 18:22	adopted 29:6 53:20	advisor's 33:18 34:12	appreciation 12:14 13:5	B
accept 27:17	adversary 47:14	agree 5:11 10:23 23:7 44:4 50:20	approach 40:23 46:10	b 37:8
acceptable 30:2	advertise 54:19	Alito 24:7 30:19 30:25 31:3,19	appropriate 26:12 46:9	back 8:23,24 9:9 29:15
accepting 52:6	advice 7:8,12,22 11:24 12:1,4	36:7 45:23	approximate 48:19	background 5:6
account 52:3 54:2	12:15 13:11,12	46:23	archetypal 8:17	balance 25:13
accountants 55:1	13:14,16 20:8	allocating 25:2	areas 52:20	bark 49:6
accounting 24:3	20:16,18,23	allow 50:1	argue 6:16 29:7 29:10	based 47:6
accountings 54:8	21:17 22:11	allowable 3:13	argued 5:22	bears 5:17
accounts 50:25	30:18,23 32:2	allowing 43:23	argues 6:18	beginning 26:1
achieve 30:4,5 30:17 35:13	32:3,9 33:8,10	ambiguities 44:5	argument 1:15 2:2,7 3:3,7	behalf 1:18,22 2:4,6,9 3:8
achieved 35:24	33:11,19 34:13	ambiguity 47:6	4:17 25:17	25:18 51:23
acknowledged 50:22	34:25 35:3,5	ambiguous 27:6 28:25	29:6,12 31:25 51:22	believe 8:18 17:11 24:10 54:13
acknowledges 4:3 22:22 54:5	35:11,16,19,20	amendment 22:19 26:4	arriving 3:12	beneficiaries 11:6 15:3 31:11,12 51:6 51:15
act 18:10 20:23 43:6 49:8 52:13	36:9,16,18,21	Amory 21:11	art 16:3	beneficiary 17:15 32:18,20 32:24 53:7,7
actual 17:8,10	37:11,12,12,25	amount 34:8 53:2	articulated 7:4	best 11:24 12:15 21:3 36:1 37:23 38:9 41:7,9
added 26:3,7	38:1,5,12,13	amounts 3:13	asked 47:14	better 20:15 24:3
addition 22:24 31:9 33:23	39:4,13 43:5,9	analogy 54:7	asking 21:5	beyond 44:12
additional 31:6 31:15 49:17	43:20 46:3,4	analysis 17:3 48:2	asks 10:19 33:18	big 43:13
addressing 33:19	46:17,22 47:11	answer 16:10 19:3,5 37:4	assessing 6:1	bill 20:17 50:14
add-on 26:17	48:3,4,7,8,10	40:7 48:15	assessment 41:25 42:3	bit 24:25 34:13
adequate 52:20	48:14 49:25	answers 13:9	assets 6:6,15,22 8:6 10:1 12:12	black 13:11
adjusted 3:13 26:24	50:5,6,8,9,11	anyway 18:13	15:2,2 18:25	blue 3:16 12:21
administerable 24:18	50:15,16 51:7	apparently 15:4	19:21 30:13,16	board 17:7
	51:24,25 52:21	Appeals 29:8	30:17 39:21	bottom 3:15 47:16
	53:22 54:3,15 54:19	APPEARAN... 1:17	42:19 43:15 47:25	bought 19:10
	advisor 7:10 11:11,16 20:12	appendix 3:16 5:1 25:7	Assistant 1:20	
	21:21 35:11,12	applicability 41:15,22	assume 6:4 13:22 15:24	
	35:15 36:5	application	assumption 14:14	
	37:11 38:5,7		attributing 25:2	
	40:1,19,20			
	50:12,14,23,24			
	51:1,10,14			
	54:1			

<p>box 13:11 bracket 14:8 15:9 brackets 15:9 breach 20:22 break 40:12,17 Breyer 18:12 23:2,23 24:20 28:10 29:17 42:13 43:10,12 44:6,16,18,24 45:4 Breyer's 22:15 brief 3:16 5:1 12:20,21 14:17 15:8 20:1 21:16 22:23 25:8 41:19 50:23 52:10 broad 3:21 52:6 broadly 18:3 49:9 broken 50:15 built 5:15 burden 5:13,18 41:4,9,12,19 42:5 burdens 43:24 burden-of-pro... 43:1 business 4:21,22 4:24 13:21,24 30:4 45:19 49:21,22,23 businessmen 13:22 buy 50:19,19 buying 23:23</p> <hr/> <p style="text-align: center;">C</p> <hr/> <p>c 2:1 3:1 16:12 36:10,11 calculus 34:14 caliber 24:5 California 13:20 calls 17:12 21:25 40:19</p>	<p>capital 11:23 12:13,25 13:5 13:6 capitalized 4:18 care 48:22 carry 27:24 case 3:4,11 4:15 5:13,25 10:10 11:20 14:10 17:4 20:7 24:4 27:1 33:7 35:10,12,19 37:5 41:8,9,11 41:18,20,21,23 43:5,24 47:24 51:10 52:23 53:16 55:8,9 cases 5:18 41:19 46:11 case-by-case 17:3,13,20 48:2 cash 48:12 categorical 17:11 21:5 40:23,23 categories 38:21 category 10:6 46:18 47:1 cause 10:1 14:25 caused 10:11,12 ceiling 5:7 certain 6:14,14 6:22 15:19 19:21 46:15,18 49:13 52:2 certainly 4:13 13:4 27:22 29:21 38:15 44:4 changed 5:21 changes 22:21 22:23 characterizing 45:24 charge 25:4 50:24</p>	<p>charged 35:10 charges 7:10 51:10 Chevron 47:9 Chief 3:3,9 5:11 5:16 6:3,9 7:6 10:23 11:8,19 12:10 13:2 19:19 20:10,25 21:20 22:3,6 25:14,19 29:5 29:11,14 39:9 39:23 40:7,16 41:7,14 50:13 51:19 52:24 53:9 55:7 child 53:10 Children 43:14 choice 26:21 choose 45:4,7 chose 26:20 Circuit 29:6 Circuits 29:23 circumstances 18:4 52:18,25 53:5 cite 41:20 cites 41:24 claim 23:8 claimed 4:16 clarified 39:6 clarify 38:11 40:5 44:3 clause 18:11 26:3,7,8,11,23 27:2 49:19 clear 4:8 5:19 6:11 7:1 17:16 18:22 27:15,16 46:18 clearer 50:3 clearly 18:21 client 51:11 clients 54:17 close 8:13 Code 4:6,18 15:7 18:2</p>	<p>codified 52:12 coin 4:20 colleague 27:16 41:8 colleagues 48:23 College 21:10 colored 29:18 come 6:1 19:6 19:21 22:8 32:3 42:17,25 comes 35:16 40:9 43:2 comments 25:6 25:6 Commissioner 1:8 3:5 4:8 6:16,18 14:16 17:12 19:16,24 22:22 25:10 52:13 54:5,24 Commissioner's 3:25 4:1,2 54:23 committee 22:21 common 5:22 6:21,25 7:3 21:11 28:2 46:9 54:24 commonality 6:16 commonly 19:16 39:10,18 community 8:15 comparable 34:2 comparison 30:7,12 39:20 compression 15:9 computed 26:25 concede 7:7 36:8 concedes 14:16 19:24 25:10 concepts 28:22 concern 13:1 concerning</p>	<p> 34:25 condo 9:20,22 conduct 34:18 conference 22:21,23 Congress 4:9 8:18,19 14:2 14:22 15:5 16:19 17:17 18:8,10,16 22:18 24:12 26:4,20 48:24 49:10 50:3 Congress's 13:18 49:5 connected 45:20 Connecticut 12:20,22 20:9 52:12 connection 3:17 26:6,15 45:18 consequence 15:11 conservative 11:24 52:17 conservatively 11:23 considerations 12:21 consistent 4:5 47:10 consists 48:10 construction 24:14 construed 27:7 context 5:3 13:23 27:3 28:1 45:20 contexts 27:24 contingent 11:6 contrast 4:8,24 7:23 corporate 25:4 55:2 corporation 8:22,23 9:17 corporations</p>
--	--	---	--	---

<p>10:7 correct 26:2 32:17 correctly 17:5 cost 8:13,17 9:16 13:15 22:13 30:21 31:6 39:19 41:5 45:25 48:8 costs 3:16 4:20 7:3,20,23 8:20 9:17,17 10:9 10:13,18 14:7 16:25 24:1 25:2,22 26:8 26:15 44:22 46:4,5 47:17 48:9 49:13,14 49:17 Counsel 5:11 counterintuitive 21:14 couple 47:5 course 12:7 28:12,21 43:12 44:22 53:17 court 1:1,15 3:10 5:19 25:20 29:7 41:2,12 courts 37:15 Court's 5:24 covered 24:6 33:21 34:12 crazy 37:17 created 31:14 creates 25:21 26:23 49:17 creating 14:7 creation 14:5,15 criterion 10:4 criticizes 32:8 cry 33:16 CSX 20:14 current 3:25 11:6</p>	<p>Custody 38:22 customarily 19:16 29:2,24 40:2 41:1,5 45:3 47:15,23 customariness 6:17 customary 39:10 42:11 46:1</p> <hr/> <p style="text-align: center;">D</p> <hr/> <p>D 1:20 2:5 3:1 25:17 damages 34:8 34:11 danger 14:13 day 22:19 days 50:18 deal 22:24,25 46:23 dealt 16:11 22:20 decade 21:9 decide 20:13 39:14 46:3 50:10 decision 5:25 14:14 53:15,25 54:1 decisional 13:14 21:24 deductible 7:17 10:19 20:2 45:22 47:17,19 deduction 4:16 50:1 deductions 5:10 18:3 49:21 deference 47:2,9 47:10 definitely 29:1 definition 53:6 demanding 52:1 demands 26:8 denominator 6:20</p>	<p>Department 1:21 depend 34:11 depending 39:22 depletion 10:1 describe 10:12 45:25 described 15:8 17:17 37:22 describing 21:16 despite 22:17 37:20 determine 7:3 52:8 developed 21:8 difference 20:5 30:22,24 33:3 33:4 34:1,2,4 39:22 different 5:20 19:20,20 22:9 27:19,22 31:1 34:13 39:15 40:17 41:16 43:16 50:2,8 52:15 53:16,23 53:24 54:4 differently 6:23 difficult 44:12 46:11 difficulty 6:19 13:3 25:1,12 40:21 45:24 direct 15:2 directed 22:12 discharge 10:5 discussing 19:19 discussion 52:11 disputed 32:1 distinct 13:15,16 24:1 46:22 51:25 54:6 distinction 32:10 35:9 46:6</p>	<p>distinctive 4:3 7:16,17,19,21 8:4 9:10,16 10:10 19:25 21:18,21 35:7 dog 49:6 doing 32:7,8 33:22 46:20 dollar 6:24 dollars 6:5 doubtful 42:14 drafted 26:4 38:16 draw 8:9,11 39:5 drawing 24:8 draws 4:7 7:20 drew 23:25 duration 12:24 duties 24:4 D.C 1:11,18,21</p> <hr/> <p style="text-align: center;">E</p> <hr/> <p>E 2:1 3:1,1 earlier 42:14 earn 43:17 easier 8:11 easy 43:5 economic 15:18 effect 26:21 either 7:1 12:13 31:21 35:12 40:25 elementary 16:24 enact 26:20 enacted 47:11 endless 29:20 engage 52:19 engaged 4:22 enormous 25:5 entirely 34:24 entirety 27:7 entities 8:20 16:12,13 18:1 entitled 7:7 47:2 47:9</p>	<p>enumeration 37:8 equal 11:7 ERIC 1:20 2:5 25:17 escape 49:14 especially 18:6 ESQ 1:18,20 2:3 2:5,8 essentially 9:21 25:10 27:8 estate 3:18,20 8:21 10:21 15:21 26:6,16 26:25 estates 4:6 16:14 18:1,3 23:4 36:9 estate's 3:13 event 39:6 40:25 eventually 22:8 evidence 5:23 42:7 exactly 12:16 13:7 24:20 32:8 36:5 43:13 53:5,12 53:13 examination 17:14 examine 12:22 example 8:14,17 8:21 9:20 15:20 28:4 30:19 37:21 46:21 50:23 51:4 52:16 54:7 examples 19:9 20:1 29:18,20 excepted 16:14 exception 5:12 10:7 25:21 27:4 41:17 exceptions 6:2 27:6,6 43:24 excerpts 25:7</p>
---	--	--	--	--

exclusive 37:22	factors 52:2,11	filed 32:14,25	frankly 44:13	35:13,15,17
Excuse 15:14	54:3	files 32:17,18	fulfill 11:16 12:8	goes 20:11 33:25
exemption 41:3	facts 17:8,10	filing 30:21	35:1,6	35:12
exemptions	48:2	31:15,18,22	full 3:14 20:2	going 9:22 17:2
41:16	factual 33:3	32:22 34:3	fully 7:17	20:14 31:19
exercise 54:1	42:10,12,16	fill 31:4,4,9	funds 35:4	33:17 34:11
exist 30:15	fairly 32:2 39:2	filled 22:4 31:1	further 20:7	38:7 40:12,17
existed 49:18	40:8	Finally 4:4	furtherance	40:18 43:17
existence 8:24	fairness 11:7	financial 8:6	21:6	51:1,13
16:14 31:14	faithful 24:18	37:16 48:14	future 11:6	good 29:15,18
49:16	fall 14:1 29:15	financially		33:21 44:15
exists 43:18	30:20 40:13	50:11	G	50:17
expansive 26:18	46:25 47:1	find 3:15 23:3	G 3:1	govern 34:18
expect 45:9 49:1	fallback 29:12	44:12	gee 37:14	government 5:6
expenditure	30:2	firms 54:15	general 1:21	5:25 17:6 32:7
19:2 23:18	falsity 52:8	first 3:4,22 5:17	5:12 26:23	government's
42:17,22 49:1	familiar 52:20	14:23 17:12	27:4 32:2,4,5	5:1,20 31:25
49:2	far 41:25 53:11	22:17,20 23:5	37:5 41:17	governor's 4:25
expenditures	54:25	26:23 49:4	50:15	graduated 14:25
5:2	Federal 29:23	fixing 8:3,12	generality 24:6	grandchild
expense 5:22	fee 9:20,22	9:11,14,15	33:9 45:24	53:12
6:17 8:22 9:1	35:10 51:11	30:5	getting 4:17	grantor 15:1,18
9:10 18:23	fees 4:10 7:16,22	floor 4:11 8:16	30:23 45:5	15:19,23 16:7
19:4 27:11	25:4 54:14	8:19 9:2 20:17	48:13 50:1	17:16
30:3 48:13,18	fiduciary 4:4	22:18 25:22	Ginsburg 10:22	great 13:22
50:25	7:19,21 10:11	26:3 30:21	11:3 14:20	green 29:19
expenses 5:7,9	10:13,14 11:16	41:4 44:9	15:6 16:7	gross 3:13 26:25
9:25 10:6,24	12:3 20:3,19	47:12,19 49:15	24:17 25:25	group 30:7
13:25 18:18,19	20:21,22 24:2	50:21	26:10 36:17,24	growth 12:25
23:9,14	30:21,23 31:21	following 35:13	37:3 38:15,21	35:4
expensive 31:3,5	31:22 32:3,6	follow-up 48:21	42:2,4 46:13	guarantee 40:12
expert 11:18	32:12,16,17,24	form 20:6,6 22:7	54:25	guardianships
expired 55:6	34:3,7,18	22:9 31:1,10	give 7:12 19:8	24:4
express 38:22	40:19 46:4,5	44:7,12,25	26:12,18 28:1	guess 6:4 7:6
expressed 27:25	46:21 50:16,24	formula 46:6	30:19	13:9 16:2
extensive 39:2	54:2,7,12,17	formulating	given 14:21 15:2	19:13 48:18
extent 43:8 44:1	54:19 55:5	47:16	26:21 27:16	
extra 32:13 33:5	fiduciary's	formulation	29:22 35:11,20	H
50:24 51:11	32:22	44:21	37:21 47:24	happen 28:20,21
eye 11:5	fight 43:14	formulations	51:25	36:1
F	figure 12:8 22:5	45:11	gives 20:1	happened 17:3
facing 34:9	37:15,16 50:17	forth 51:16	giving 35:22	17:14
fact 21:14 22:16	51:14	forward 6:1	glass 28:5,10	happens 19:15
31:22 33:22	figured 43:16	found 4:25	gloss 23:11	happenstance
36:3 37:20	figuring 6:19	four 51:21	go 12:15 44:12	13:10,12,13
42:9,12	file 31:13,17	Fourth 29:23	50:12,18	harbors 25:11
	32:16	fraction 6:20	goals 30:17	hard 8:8

Harvard 21:10	immense 48:25	incurring 13:15	35:24,25 52:23	33:15 52:16,17
hear 3:3	imponderable	incurs 8:22	insurance 9:23	53:16 54:14
heard 54:20	17:18	independent	38:25	investor 11:1
held 3:19 9:6	imponderables	8:24 16:13	intended 8:18	12:11,12 21:7
10:21 17:15	19:18	indicates 16:18	14:3 16:19	33:14,24 34:15
25:23 26:9	important 6:13	indication 48:24	21:4 24:12	34:19 42:20,21
30:16 49:11,12	importantly	individual 4:23	interaction 36:5	50:14 52:13
49:13	19:22	6:5 7:13 8:25	Internal 1:8 3:5	investors 6:5
help 4:13	imposed 50:24	9:2 12:11,12	43:22	invests 4:23 34:5
he'll 22:5 34:5,6	inability 12:8	13:11 15:11	interpretation	34:7
hint 10:17	incentive 15:12	18:20 20:5	3:23 27:9 45:3	involved 14:7
hire 6:6,7,9,12	include 7:22	23:10,12,14	interpreted 27:5	53:3
11:9,12 22:1	24:2 39:3	24:4 27:1	introduced 5:23	IRS 19:6,7
40:1 54:1	included 25:7	30:15,16 31:6	introductory	23:14 31:11
hires 11:15	28:16	31:13,17 32:13	26:23	issue 4:10 33:19
hiring 22:2	includes 24:2	33:14,20,23	invest 11:4,23	42:12
history 18:6,13	including 12:22	34:5,15,20	12:2 20:14,15	issued 24:7
22:15,16 48:22	22:23	35:2,7,23 36:2	21:13 48:12	issues 41:23
49:4,8	income 3:13 5:3	38:13 39:12,13	52:14	46:25
hold 18:25 28:5	12:24,25 13:5	40:20 41:15	investing 36:15	item 34:13
28:6 31:6	14:18,25 20:3	43:7 48:4	36:19 37:1,6	itemized 5:10
42:19 45:6	20:4,5 21:25	49:11,12,22	37:21 38:24	items 32:1 36:12
54:11	24:2 26:25	50:1,4 51:1,3,6	52:3	36:13,14
holding 42:20	30:22 31:8,12	52:15,18,25	investment 6:6,7	i.e 31:21 32:2,6
home 29:19	35:3 45:21	53:1,2,9,13,17	6:10,12 7:8,10	
Honor 5:14 6:8	51:4,5 54:8	55:2,6	7:16,22 10:24	J
7:15 8:7,10	55:4,5	individuals 5:23	11:9,11,16,24	J 1:3,18 2:3,8
10:9 12:5,18	income-splitti...	11:4 13:4 17:1	12:1 13:11	3:7 14:21
13:10 14:4	16:16 18:2	18:5,17 21:12	20:8,12 21:2	51:22
16:21 17:10,23	incur 11:1 23:15	23:6 29:25	21:17 30:18,23	Janis 5:24 41:24
19:13 20:21	23:16 39:19	30:8,13 37:16	32:2,3,9 33:8	job 33:15,17
22:9 23:21	42:12 49:13	39:18,20,24	33:10,11,18,25	judge 43:1
24:10,24 26:3	51:2,2 53:2,3	40:3 41:6	34:12,25 35:3	judges 42:25
26:20 39:21	incurment	42:11 50:7	35:11,16 36:5	judgment 42:24
52:9 53:4	22:12	52:1	36:8,16,18	54:2
54:13 55:3	incurred 3:17	infer 49:8	37:5 38:4,7	judicial 3:22 6:4
house 8:3,12,15	3:19 4:21 7:18	inference 39:5	39:4,13 40:1	24:3 54:8
houses 18:8,10	7:20 9:2,3,17	inhere 7:23	43:5,9,15,18	Justice 1:21 3:3
22:18	10:13,15,19,20	inheres 11:14	43:20 46:3,4	3:9 4:12 5:5,11
hundred 53:19	16:25 18:21	initially 23:7	46:17,22 47:11	5:16 6:3,9 7:6
hypothetical	23:10,13 25:23	26:4 53:20	48:10 49:25	8:1,8 9:5,8,14
12:17	26:5,9,15 29:1	inquiries 45:9	50:5,6,8,10	9:19,24 10:3
I	29:2,3,24,25	inquiry 53:23	51:8,24,25	10:22 11:3,8
idea 18:22 45:5	30:3 33:6	instance 42:18	52:19,19 54:1	11:19 12:10
identify 36:23	39:10 40:3	instances 19:9	54:11,12,15	13:2,17 14:9
imagine 48:17	41:1,6 42:18	27:11,12	investments	14:12,20 15:6
	44:11 48:9	instrument	13:22,25 21:12	15:14,23 16:1

16:4,7,10,23 17:19 18:12 19:19 20:10,25 21:20 22:3,6 22:15 23:2,23 24:7,17,20 25:14,19,25 26:10 27:10 28:1,8,10,11 28:15,20 29:5 29:11,14,17 30:1,9,19,25 31:3,16,19 32:15,21 33:2 33:12 34:10,22 35:18 36:7,17 36:24 37:3,10 37:25 38:3,15 38:21 39:9,23 40:7,11,16 41:7,14 42:2,4 42:13 43:10,12 44:6,14,16,17 44:18,24 45:4 45:12,17,23 46:13,23 47:13 47:20 48:1,8 48:17,21 49:6 49:20 50:13 51:3,12,19 52:5,24 53:9 53:22 54:10,18 54:22,25 55:7	Knight 1:3 3:4 know 7:11 8:3 9:9 11:11,25 12:2,13,14 13:6 19:11 20:13 21:2,21 22:8 27:17 34:23 38:4 43:6,8 44:11 48:15 49:20,23 51:13 52:7 55:3 knowledge 22:10 knows 12:7 22:6 39:21 K-1s 31:10	32:5 33:8 45:24 48:6 liability 34:14 52:4 life 51:5,15 light 18:13 27:5 29:19 limit 7:14 limitation 36:17 38:22 limited 26:13 36:19 line 4:8 7:20 8:2 8:9,11,13 20:7 25:12 27:15,16 40:9,11,13 47:16 liquid 6:6 12:12 liquidity 12:24 list 23:18,25 24:8 36:12,13 36:14 37:22 39:2,5 listed 21:15 lists 19:8 25:1 36:12 literally 17:13 litigated 5:19 litigation 5:21 little 24:25 logic 4:2 look 10:18 17:24 18:2,6 19:25 26:22 30:15 33:9 39:19 44:22 52:7,10 looked 6:15 looking 14:21 33:24,25 44:6 looks 34:19 lose 34:5,6 losing 34:9 lost 34:9 lots 29:18 lower 15:1,13	main 48:11 maintenance 38:25 major 48:13 49:1,2 making 13:24 46:6 man 21:10 51:15 management 7:22 8:22 38:22 managing 33:15 34:20 manner 27:1 margin 46:11 matter 1:14 42:15,24 46:2 52:22 55:10 maximize 35:3 51:4,5 maximizing 37:13 mean 3:23,24 6:20,25 8:2 10:4 15:15 23:19,24 27:14 27:17,18,18 28:3,6,9,12,13 28:16,21 29:1 29:17,18,20 36:3 37:14 40:14 43:24 45:15 47:22 48:10 meaning 3:11 24:14 26:18 27:25 29:4 means 18:23,23 29:24 42:19 45:20 meant 17:17 measure 14:22 34:7 meet 11:10 52:21 merely 16:17 21:9 22:16	methods 43:23 Michael 1:3 3:4 Miller 1:20 2:5 25:16,17,19 26:2,19 27:21 28:4,14,18,23 29:10,13,21 30:6,11,24 31:2,5 32:11 32:19,23 33:5 34:4,17 35:9 36:3,11,20 37:2,7,19 38:2 38:9,18 39:1 39:17 40:4,10 40:21 41:11,21 42:3,8 43:4,11 44:1,21 45:2,8 45:14,18 46:7 46:19 47:4,18 47:22 48:5,15 48:20 49:3,7 50:7,22 51:9 51:17,20 million 6:5,24 12:12 39:11,12 39:24 Millions 43:15 mini-trusts 40:13 Mintz 14:21 minute 26:12 minutes 51:21 miscellaneous 5:10 moment 22:1 money 10:5 15:12 16:5 20:23 34:5,6,8 34:20 35:14,14 35:15 43:17,17 53:3 morning 3:4 move 15:12 moving 24:25 multigenerati... 53:18
<hr/> K <hr/> keep 11:5 KENNEDY 4:12 5:5 13:17 14:9,12 30:1,9 45:12,17 52:5 Kennedy's 16:10 kicks 15:10,11 kind 19:1,18 23:18 35:21 36:23 43:18,22 46:17 52:19	<hr/> L <hr/> L 1:4 label 31:21 labels 54:24 land 9:22 language 8:18 9:3 17:20 Laughter 29:9 29:16 40:15 44:20 law 11:4,22 12:22 18:9 20:9 21:11 23:12,17 42:5 43:22 52:12,22 lawyers 43:15 leading 13:14 leave 23:13 legal 42:10 52:1 52:11 legislative 18:12 22:16 48:22 49:4,8 legitimately 45:20 let's 8:2,2 11:20 11:22 20:11,11 21:1 39:10,24 level 24:5 32:2,5	<hr/> M <hr/>		

<p>mystery 26:11</p> <hr/> <p style="text-align: center;">N</p> <hr/> <p>N 2:1,1 3:1 naked 41:25 42:3 narrow 25:21,25 nature 4:4 11:14 12:23 19:25 47:24 necessarily 4:14 11:13 necessary 23:18 45:13,14,19 need 12:24 20:13 25:11 34:16 39:24 50:10,12 51:14 never 14:13,15 43:20 47:17,20 54:20 new 21:8 48:25 49:17 nice 27:15 nonexclusive 36:12 39:2 nonexhaustive 25:1 nontrust 30:4 nonunique 39:2 non-grantor 14:6,19 15:10 15:15,16,17 16:1 normal 17:19 40:20 normally 17:2 note 10:18 notice 6:4 notion 41:9 November 1:12 number 13:22</p> <hr/> <p style="text-align: center;">O</p> <hr/> <p>O 2:1 3:1 objection 43:3 objective 13:24 14:1 30:4 49:5</p>	<p>objectives 13:7 53:13 objects 35:24 obligation 7:21 9:25 10:5,11 10:14,15 11:17 20:22 33:6 41:2 43:6,9 52:21 obligations 4:4 7:19 8:4 11:21 12:7,19 21:6 31:15 52:2 obtained 21:18 obtaining 13:14 obvious 38:20 46:20 obviously 36:21 occurred 18:21 27:11,12 44:15 offered 54:14 Oh 20:25 51:12 okay 20:10 23:25 33:2 49:23 old 21:10 ones 23:10,15 open 21:13 opposed 32:12 37:5 55:2 opposite 39:5 option 12:15 options 12:3,4 oral 1:14 2:2 3:7 25:17 order 15:13 52:8 ordinance 8:14 ordinarily 29:3 29:24 39:19 41:1,5 45:2 47:23 48:11 51:2 53:8 ordinary 24:13 42:11 44:10 45:10,13,14,19 46:1 original 9:9</p>	<p>ought 27:4 ounces 28:6,7 outright 15:3 30:16 31:7 49:12,13 outside 7:13 13:23 19:15 30:8 owned 8:20 9:18 owner 7:24 8:25 ownership 7:23 10:15 15:2 23:1 owns 9:21</p> <hr/> <p style="text-align: center;">P</p> <hr/> <p>P 3:1 Pacific 20:14 page 2:2 3:15 12:20 14:17 15:8 20:1 22:22 pages 21:15 52:10 paid 3:17 9:25 10:4,14,18 26:5,5,15 43:15 painted 29:19 parlance 28:3 part 16:10 22:14 22:15,20 34:12 54:22 particular 6:17 7:24 17:3 41:23 48:3,6 51:7 52:25 particularity 33:9 particularly 27:6 passed 18:10 22:18,19 passing 13:19 pass-through 8:20 16:13 17:25</p>	<p>pass-throughs 16:8 22:20,25 23:1,3 pause 11:20 pay 7:25 9:22,25 paying 20:23 54:3 peculiar 31:22 pendency 5:21 people 6:21 15:21 20:4,4 28:3 39:25 40:14 42:23 52:14 percent 4:10 5:7 7:14 8:16,19 9:2 14:8 15:9 20:17 25:22 30:20 39:15,25 40:1 41:3 46:16 47:12 49:14,19 50:16 50:21 percentage 37:12,13 38:5 38:6 48:9 perfectly 11:21 49:23 period 26:17 permissible 40:24 45:3 permits 18:3 permitted 18:5 52:17 person 18:25 19:1 22:10 45:10,10 personal 52:4 person's 21:22 persuaded 9:12 PETER 1:18 2:3 2:8 3:7 51:22 Petitioner 1:6 1:19 2:4,9 3:8 41:13,24 51:23 Petitioner's 27:8 41:2,4</p>	<p>phrase 33:23 pick 40:12 picked 38:19 picking 46:20 50:15 piece 7:24 place 4:7 25:3 31:18,20 placed 49:15 places 41:12 planning 15:21 plastic 29:19 plausible 17:13 please 3:10 25:20 plenty 19:8 point 6:13 17:24 19:22 24:8 pointing 33:13 points 3:21 4:12 54:22 poor 33:15,17 poorly 34:5,7 posing 19:10 position 4:3 13:3 17:6 30:2 47:8 47:10,17 54:23 possibility 34:9 possible 10:7 47:5 possibly 14:2 powers 15:19 practical 46:10 practice 45:10 precise 19:7 precisely 18:13 19:17 22:24 preexisting 18:9 preferable 40:25 preliminary 4:14 premise 6:13 preparation 20:3,4 24:3 46:4,5 prepare 31:10</p>
---	--	---	---	--

55:5	proposed 24:9	49:3 51:10	regard 10:13	resolve 44:5
preparer 21:25	24:23 36:7,22	questions 4:14	32:1,4,5	respect 8:5,6
55:4	37:4,23 38:10	40:8 42:9	regardless 17:7	18:17 23:4,5,8
preparing 30:21	38:17 44:22	quite 12:6	17:9 26:19	31:25 32:7,9
presenting 18:1	46:8	quote 3:14	44:11 49:11	32:11 48:25
presents 19:18	proposition 41:8		regs 19:8	respond 24:16
preservation 5:2	41:18 52:7	R	regulation 24:8	Respondent
8:5,6 12:14	protection 4:23	R 3:1	24:10 25:6	1:22 2:6 25:18
13:6	provide 34:15	railroad 20:15	36:8,22 37:4,4	response 10:4
preserve 11:23	34:16 53:10	21:1	37:8,23 38:10	19:12,14 21:19
presumably	54:15	railroads 11:25	38:16,17 46:8	22:14
20:18	provided 4:9	raises 30:6	46:24,25 47:3	responsibilities
presume 33:21	provides 3:12	rate 14:25 15:1	47:7	20:19,21 35:1
pretty 44:15	providing 34:14	15:13	regulations	35:6
previous 4:1	provision 26:14	read 18:12	23:21 44:3	rest 38:3
principal 12:25	prudent 13:21	26:14 41:17	reject 44:24	result 7:18,21
13:24	13:24 21:7,10	reading 3:25 4:5	related 7:9	51:7
principle 26:24	34:19,20 43:7	17:20,21 19:17	18:20	retained 15:1
27:5 33:4	52:12,14	26:13 29:22	relationship	retains 15:19
private 35:2,23	public 25:6	37:23 38:9	49:17	return 30:22
37:15	purely 42:16	40:24	relevant 18:14	31:21,23,24
probably 17:21	purpose 13:18	readings 4:1	30:7,12	32:4,6,7,11,12
29:2 53:3,18	purposes 15:21	16:22 17:13	relies 54:23	32:13,14,16,17
problem 14:15	26:24	24:11 47:6	remainder 11:6	32:21 34:3
14:18 15:5,7	pursuance 43:9	real 15:17	51:15 53:7,11	36:15,19 37:1
16:11 23:24	pushing 50:18	really 4:19 5:15	remaining 51:21	37:6,13,21
34:23 43:2,22	put 23:11 31:7	8:2 33:8 37:10	removed 42:1	38:6,24 46:15
46:2,24 54:22	puts 4:7	44:6 52:21	rendered 8:19	46:15,17 54:25
process 13:14	putting 25:3	reason 4:9 43:3	renders 7:16,17	55:5
21:24 38:11	43:24	50:25	rendition 24:19	Returning 39:8
39:7 53:15	Q	reasonable	repair 38:25	returns 20:5
production	qualified 28:25	18:25 21:1,1	repeats 18:15	32:25 54:8,9
45:21	38:23 41:3	23:12,22 34:19	reply 25:8	55:2,2
products 39:3	quasi-legal	34:24 42:21	reported 8:23	reveal 16:24
prong 22:17	42:23	43:7 45:5,9	8:24,25	Revenue 1:9 3:5
proof 5:13,18	question 3:11	reasonably	reporting 31:15	43:22
41:12 42:5,6	5:5,16,17 6:14	23:13 42:21	require 52:14	revocable 15:20
properly 21:17	6:24 8:11 9:9	reasons 40:22	required 6:1	right 24:23 26:1
property 3:19	10:2 16:10,24	REBUTTAL	8:15 9:23	29:13,21 30:11
4:23 5:2 7:24	19:3 21:6,23	2:7 51:22	requirement	30:13 32:19,22
7:25 8:5 9:21	22:11,11,15	receive 7:8	45:21	36:25 37:7,19
10:16,20 17:15	30:7 31:19	13:16	requires 12:22	38:1 39:1
25:23 26:9	33:13 37:9	recipe 13:19	30:10	43:13 44:18,19
30:14 31:7,8	41:16 42:5,6,6	recollection 5:8	reserve 25:13	47:2,3 48:14
38:23 49:10,13	42:9,10,23	refer 51:10	resist 52:6	51:9
49:15	47:14 48:7	referring 42:8	resisted 41:8	risk 14:5 16:15
proposal 38:19		reg 24:23	resists 54:6	18:1 52:4

<p>ROBERTS 3:3 5:11 6:3,9 7:6 11:8,19 12:10 13:2 20:10,25 21:20 22:3,6 25:14 29:5,11 29:14 39:9,23 40:7,16 41:7 41:14 50:13 51:19 52:24 53:9 55:7</p> <p>Roger 14:21</p> <p>roof 8:3,12 9:11 9:14,15 30:5</p> <p>room 29:19</p> <p>Rubin 1:18 2:3 2:8 3:6,7,9 4:19 5:8,14 6:7 6:11 7:15 8:7 8:10 9:6,13,16 9:20 10:2,9,22 11:3,15 12:5 12:18 13:9 14:4,11,16 15:6,17,25 16:2,6,9 17:9 17:23 19:13 20:20 21:4,23 22:5,8 23:21 23:25 24:9,24 25:15 45:16 51:21,22,24 52:9 53:4,15 53:22,25 54:10 54:13,21 55:3 55:8</p> <p>RUDKIN 1:4</p> <p>rule 4:7 5:13 13:20 17:7 21:5 27:4,8 34:19 39:15 41:12,12,15,17 41:22</p> <p>rules 6:2 19:21 20:9 21:14</p> <p>rule-making 38:11 39:7</p>	<p>run 37:17 46:1</p> <p>runs 9:21 23:17</p> <p>rush 30:1</p> <hr/> <p style="text-align: center;">S</p> <hr/> <p>S 2:1 3:1 8:21,23 9:17 10:7</p> <p>safe 25:11 52:16</p> <p>saying 18:9,24 23:7 25:10 35:23 42:2,4</p> <p>says 12:2 20:13 21:25 24:20 30:3 35:12 36:10 40:18 46:15,25</p> <p>SCALIA 8:1,8 9:5,8,14,19,24 10:3 15:14,23 16:1,4 27:10 28:1,8,11,15 28:20 34:22 35:18 37:10,25 38:3 40:11 44:14,17 48:8 48:17,21 49:6 49:20 51:3,12 53:22</p> <p>schedule 14:25</p> <p>second 3:24 18:11 26:3,7 29:6 49:3</p> <p>section 3:15 15:7 16:11 17:25 18:4,4 25:21 26:22,24 27:3 49:5</p> <p>see 8:2 13:3 17:24 43:16 46:18 55:6</p> <p>seek 30:17 34:24 35:2 38:13 39:12 51:6</p> <p>seeking 5:12</p> <p>seeks 12:1 35:5 43:8</p> <p>seen 25:5</p>	<p>self-evident 27:13</p> <p>Senate 22:19,20</p> <p>send 31:11</p> <p>sense 4:5 10:11 23:6 28:25 46:9 55:4</p> <p>sentence 18:14 18:15 23:5</p> <p>separate 14:24 14:25</p> <p>series 21:13</p> <p>service 38:10 40:5 44:2,4,22 46:7,12,14,18 46:19,25 47:10 48:16 54:4</p> <p>services 39:3</p> <p>Service's 47:8</p> <p>set 12:19 15:21 26:22 31:15</p> <p>severalfold 19:14</p> <p>share 31:12 43:16</p> <p>show 41:2,4 47:24</p> <p>showing 31:12</p> <p>shows 18:13</p> <p>side 30:8</p> <p>sides 4:20</p> <p>significance 31:20</p> <p>silent 37:9 49:4</p> <p>similar 30:13 39:21 45:9 53:1</p> <p>simple 25:9</p> <p>simply 9:21 13:18 18:15 31:7 45:20 46:9,21 49:15</p> <p>sites 41:13</p> <p>situation 12:6 23:4</p> <p>size 39:22</p> <p>sizes 19:20</p>	<p>slice 38:4</p> <p>slightly 5:20</p> <p>socked 34:11</p> <p>Solicitor 1:20</p> <p>solved 15:7</p> <p>somebody 11:12 33:24 35:12 40:18</p> <p>somewhat 26:10</p> <p>sophisticated 50:11</p> <p>sort 4:20 7:12 16:23 49:21</p> <p>sought 35:20 48:3</p> <p>sounds 12:16 45:12</p> <p>SOUTER 31:16 32:15,21 33:2 33:12 34:10</p> <p>south 34:1</p> <p>speaks 23:5</p> <p>special 10:25 18:18,19,24 19:4 23:4,8,9 24:21 43:19,20 43:20 44:10</p> <p>specialists 54:19</p> <p>specialize 55:1</p> <p>specialized 50:16</p> <p>specific 32:5 52:11 54:14,16</p> <p>specifically 5:18 16:15 49:4</p> <p>specifying 52:2</p> <p>spice 37:10</p> <p>split 43:14</p> <p>splitting 14:18</p> <p>standard 7:4 11:9 21:7,8 34:17 52:15</p> <p>state 52:22</p> <p>statement 14:23</p> <p>States 1:1,15 5:24 13:20 21:8 41:24</p>	<p>status 7:9</p> <p>statute 3:12,23 3:25 4:1 7:18 7:19 9:4 13:19 16:17,18 18:11 18:15 19:14,17 19:23 24:19 28:2,24 29:22 30:10 40:25 44:3,8,13 47:6 47:11 49:9 50:4</p> <p>statutes 12:20</p> <p>statutory 3:23 18:6 22:15 24:13</p> <p>Stevens 16:23 17:19 47:13,20 48:1 54:10,18 54:22</p> <p>stock 21:1 50:15</p> <p>stocks 50:17</p> <p>straight 4:15</p> <p>strike 27:13</p> <p>structure 16:17 16:18 17:25 30:9</p> <p>stuff 44:10,10</p> <p>stupid 40:14</p> <p>stupidity 16:24</p> <p>subcategory 54:11</p> <p>subject 4:10 5:7 5:9 8:16,19 9:1 20:17 46:16 47:12,19 50:21</p> <p>subjected 49:19</p> <p>subjective 22:10</p> <p>submitted 55:8 55:10</p> <p>subparagraph 36:10,11</p> <p>subsection 37:8</p> <p>substance 15:18 35:21 36:4 50:9</p> <p>substantial 14:7</p>
---	---	---	--	---

<p>14:17 sued 33:17 34:7 sufficient 34:1 suggest 30:12 40:22 suggested 6:25 46:9 47:4 52:14 suggesting 27:22,23 44:2 47:8 48:6 suggestion 26:13 42:14 suggests 8:12 suit 34:8 support 52:6 supportable 16:22 24:11 supports 4:3 suppose 20:11 42:16 supposed 11:22 12:2 34:18 Supreme 1:1,15 sure 15:14 36:25 36:25 38:16 swallow 27:7 synonyms 27:23 system 32:24 37:17 systems 25:3</p> <hr/> <p style="text-align: center;">T</p> <hr/> <p>T 2:1,1 tailored 20:8 52:22,25 54:4 take 4:16 6:3 8:2 17:6 20:11 49:3,22 54:16 taken 52:3 talk 34:2 talked 23:3 talking 10:8 24:20 45:15 46:3 target 24:25 tax 5:18 6:2 14:5</p>	<p>14:13,14 15:9 16:11 20:3,4,5 21:25 23:17 24:2 30:22 31:24 32:4,6,7 32:11,12,13,13 32:15,17,25 34:3 37:17 41:2,12 46:4,5 46:15,15 48:25 54:8,8,25 55:1 55:4,5 taxation 15:13 taxed 15:1 taxes 40:9 taxpayer 5:12 32:8 41:13,18 42:5 45:6 taxpayers 6:22 6:22 14:24 tell 20:12,16 38:5,8 telling 15:4 tempted 19:11 ten 12:21 tend 43:23 term 16:3 47:15 terms 6:2 37:8 41:22 test 6:15,18 17:11,20 21:11 25:9 30:2 39:10,17 40:22 41:1 42:10 43:4 47:23 TESTAMEN... 1:5 testimony 14:21 14:23 text 4:25 10:17 10:18 16:17 19:23 24:14 49:9 textually 16:22 17:13 22:12 24:11 Thank 25:14</p>	<p>51:18,19 55:7 theory 5:20,20 13:25 thing 3:24 23:24 24:19 25:2 28:13,17 37:14 42:17 43:2,18 46:21 48:11 things 5:15 10:10 12:23 14:8 24:21,22 38:7 42:24 46:12 think 4:12 5:14 6:8,11,12 7:4 7:15,19 8:8,10 8:12,15,18 9:10,14 11:10 12:5 13:23 14:2 16:9,16 17:2,23,24 20:21 21:4,5 21:17 22:10,12 24:6,18 26:19 26:21 27:10 28:8,18,23 29:5 30:6,9 31:24 33:5,7,8 34:21 36:4,20 37:19,20,23 38:7,9,19 39:4 39:12,17,19,25 40:1,4,21,24 44:1,8,14 45:2 45:8,10 46:7 46:14,19 47:4 47:9 48:10 49:7,7 51:16 52:9 54:21 thinks 35:15 third 18:15 thought 18:16 41:14 48:24 51:13 three 3:21 4:12 time 23:19 25:13 29:15 53:19</p>	<p>55:6 timing 26:20 tools 3:22 24:13 top 14:8 total 36:15,19 37:1,6,13,21 38:6,24 46:17 trade 4:21,22,24 45:19 Treasury 15:4 treat 11:7 18:17 treated 6:23 15:20 16:13 49:10,24 treatment 4:6 14:24 treats 17:25 trial 7:2 true 11:17 14:9 14:20 28:15 49:25 trust 1:5 3:12,18 3:19 4:22 6:23 6:24 7:9,11,16 8:3,21 9:6,11 10:21,25 11:14 12:23 13:4,8 13:12,15,23 14:6,15 15:2 15:12,16,17,18 15:18,19,23 16:1,4,7 18:20 18:24 19:1 20:23 21:2 22:2,25 23:9 24:1,21 25:24 26:7,16 30:5,8 30:14 31:9,9 31:10,12,14 33:7,11 35:1,6 35:23,25 36:4 39:25 42:19,20 42:21 45:6 47:24 48:9 49:12,16,16,16 49:20,24 50:2 50:5,5,5,9</p>	<p>51:11,24 52:22 52:23 53:1,4,5 53:17,18 54:4 54:14 55:1 trustee 1:3 3:5 8:4,25 9:18,24 10:4,5 11:12 11:15,17,21 12:7,16 13:7 13:21 20:11,13 20:16 21:22,24 21:24 31:17 33:16,17,18,19 33:20,22 34:24 35:2,5,8,20 38:13 40:19 43:8 48:4,11 48:12 50:10,11 50:19 51:4 52:3,20 53:14 53:16 trustees 11:3 12:22 21:13 25:3,4 52:18 trustee's 43:6 trustlike 13:1 trusts 4:4,6 6:14 12:23 14:6,19 14:24 15:10,15 16:14 18:1,3 18:17 19:20,25 22:25 23:4,8 36:9,13,14,15 36:22,23 38:12 39:11,16 40:12 43:13,14 47:21 47:21 48:25 49:24 53:6 54:6 trust's 19:21 35:14 truth 52:8 try 46:12 trying 9:8 18:16 30:17 37:15,16 42:15 43:14 46:8</p>
--	--	---	--	--

<p>Tuesday 1:12 turn 35:21 42:15 turning 33:7 turns 42:10,22 two 4:13,20 5:15 13:9 28:13,22 32:25 36:11 39:11,16 47:5 type 36:16,21 38:12 39:4 types 37:9 typical 12:6</p> <hr/> <p style="text-align: center;">U</p> <p>ultimately 7:2 33:16 unadministrat... 24:12 unadorned 28:19 understand 17:5 27:14 32:9 33:2,3 45:17 47:16 51:12 understands 11:21 understood 42:9 51:9 Uniform 52:12 Union 20:14 unique 7:11 12:19,23 13:8 21:6 33:10,14 35:20 36:9,13 36:14,15,21,23 38:12 44:23 46:1 uniquely 13:1,4 uniqueness 44:25 unitary 25:4 United 1:1,15 5:24 21:8 41:24 Universally 14:12 unknown 43:21</p>	<p>unmanageable 6:19 unprincipled 25:12 unqualified 41:22 unwise 17:21 upkeep 8:15 use 14:18 28:3 28:19 33:23 44:3,7 47:14 usual 27:5 usually 6:9,12 6:25 19:15,19 utilities 12:1 U.S 15:7 U.S.C 3:14</p> <hr/> <p style="text-align: center;">V</p> <p>v 1:7 3:5 5:24 21:10 vague 40:8 vehicle 9:23 versus 12:24,25</p> <hr/> <p style="text-align: center;">W</p> <p>want 12:4 13:5 14:13 35:13 37:14 44:11 wanted 4:9 30:4 30:5 49:10 51:4,7 wants 11:23 12:13,15 21:2 33:20,21 53:10 Washington 1:11,18,21 wasn't 25:25 waste 20:23 water 28:6,7 way 6:13 11:2 16:20 26:22 28:25 37:11,17 49:24 ways 43:17 went 37:12,13 38:5,6 weren't 38:15</p>	<p>We'll 3:3 We're 27:22 whacking 48:25 whatsoever 18:14 WILLIAM 1:4 willing 10:23 55:4 wisdom 42:15 word 27:24,25 28:19,24 36:4 44:7,24,25 47:7 wording 26:11 words 7:10 27:20,22 28:13 37:3 44:7,12 50:17 work 39:10 worse 40:16 worth 39:14 wouldn't 7:7 17:9 18:20 23:10,12,15 29:20 30:20 36:18 49:24 50:1 51:17 write 14:13 44:7 45:1 written 14:23 16:20,21 wrong 4:2 43:25</p> <hr/> <p style="text-align: center;">X</p> <p>x 1:2,10</p> <hr/> <p style="text-align: center;">Y</p> <p>years 53:19</p> <hr/> <p style="text-align: center;">\$</p> <p>\$10 12:12 39:11 39:12 \$10,500 15:10 \$100,000 6:23 \$20,000 50:20 \$3 39:24 \$349,000 15:11 \$50,000 7:10</p>	<p>50:14</p> <hr/> <p style="text-align: center;">0</p> <p>06-1286 1:7 3:4</p> <hr/> <p style="text-align: center;">1</p> <p>1 15:7 10 21:16 52:10 10,000 7:11,13 39:11,13 10:02 1:16 3:2 1040 20:6 22:7 31:4,8,13,17 32:18 1041 20:6 22:7 31:4,10,18 32:22 11:03 55:9 14 43:16 142 41:12 154 18:4 162 4:17,19,20 5:4,7,8,9 45:13 1986 14:21</p> <hr/> <p style="text-align: center;">2</p> <p>2 4:10 5:7 7:14 8:16,19 9:1 20:17 25:22 30:20 39:15 41:3 46:16 47:12 49:14,19 50:21 20 50:16 2007 1:12 212 4:18,19,24 4:25 5:1,3 45:16,17 23 20:1 25 2:6 26 3:14 15:7 27 1:12</p> <hr/> <p style="text-align: center;">3</p> <p>3 2:4 3a 3:16 30,000 50:15,21 35 14:8 15:9</p>	<p>37 14:17 15:8 22:22</p> <hr/> <p style="text-align: center;">4</p> <p>40 40:1 40,000 7:12</p> <hr/> <p style="text-align: center;">5</p> <p>5a 5:1 51 2:9</p> <hr/> <p style="text-align: center;">6</p> <p>60 39:25 67 16:12 17:25 67(c) 22:21 67(e) 3:15 25:21 26:23 49:5 68 18:4</p> <hr/> <p style="text-align: center;">7</p> <p>7 12:20 21:15 52:10</p> <hr/> <p style="text-align: center;">8</p> <p>8 28:5,7 86 18:10 49:8</p>
--	--	---	---	---