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APR 20 2007

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April 18, 2007

CERTIFIED/RETURN RECEIPT

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Palm Beach County School Board
3300 Forrest Hill Boulevard B-241
West Palm Beach, FL 33406
Attn: Juanita Edwards,
Director of Charter Schools

**RE: BRIGHT FUTURES INTERNATIONAL
& ACADEMY FOR INTERNATIONAL STUDIES**

Dear Mrs. Edwards:

This firm has been engaged to represent Bright Futures International and Academy for International Studies, (hereinafter referred to as the "Clients"), as to matters pertaining to an investigation conducted by the Internal Revenue Service, (hereinafter referred to as the "IRS"). The matter being investigated by the IRS involves the donations emanating from the Academic Investment Group, (hereinafter referred to as "AIG"). This firm has received authorization from our clients to respond to your inquiry as to the resolution of the donations emanating from AIG. Please note that our clients are not waiving the attorney-client privilege as to the advice we have provided to them, and this letter is not to be construed as a waiver of said privilege.

The Revenue Agent assigned to the matter was Luis Ruiz from the Small Business, Self-Employment Division of the IRS (hereinafter referred to as "SB/SE"). As a Revenue Agent for SB/SE, Luis Ruiz's role was to investigate the matter that pertained to income tax deductions, specifically the charitable deductions, that are reported on an individual tax return or a corporation's tax return, if said corporation is below \$10 million in assets.

An IRS agent from SB/SE doesn't perform the same function/investigation as an agent from the IRS's Exempt Organizations, (hereinafter referred to as "Exempt Orgs."). A Revenue Agent from Exempt Orgs. audits/investigates a Section 501(c)(3) organization as to issues pertaining to its non-taxable status, i.e. charitable classification, with the ultimate ability to inquire whether the entity should remain a Section 501(c)(3) organization.



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During his investigation, Mr. Ruiz was only interested in the boat donations emanating from AIG. It is our understanding that as to our clients, his investigation as to AIG has been finalized. Furthermore, it is our understanding that as to his investigation, he has determined that our clients did not engage in any inappropriate behavior/action. To the contrary, our clients, due to efforts of our clients' principal and assistant-principal, our clients viewed as being fully cooperative and of great assistance to the IRS. Specifically, our clients' willingness to cooperate with the IRS allowed the IRS to understand the relationship of our clients, the "donations" and the role and relationship AIG had with these said donations of the vessels, i.e. understand the transactions at issue.

Because this office does not represent AIG, Mr. Ruiz was precluded under I.R.C § 6110 from disclosing the status of the IRS's investigation as to AIG. However, as stated before, he did inform me that as to his investigation as to charitable donations, as to the boats, and as it pertained to our clients, was over.

To be honest, his statement was confusing to me as I did not know what he meant by "over" and fully understanding his limitations under I.R.C § 6110. I inquired what that statement meant by asking him a series of general questions. In summary, he noted that the charitable deductions may be investigated/audited by focusing on the individual taxpayers who are claiming the donated vessels as charitable contributions.

More importantly, the IRS's Exempt Org. may audit any and/or all 501(c)(3) entity(ies) that have received "donations" from AIG. Luis Ruiz further stated that if our clients are ever audited by the IRS's Exempt Orgs., our office is to immediately contact him. Mr. Ruiz will then apprise the IRS's Exempt Orgs. Revenue Agent of his findings, i.e. our clients full cooperation and that our clients were "victims." (his words not mine), in this matter.

I fully understand that as a Revenue Agent, Luis Ruiz does not have the authority granted to him under the law to bind the IRS as to any determination. But, I do recognize that as a Revenue Agent who has investigated our clients, his recommendations carry a tremendous amount of influence. Thus, I am of the belief that as to our clients, the IRS will not, in any manner or fashion, seek to penalize or otherwise revoke my clients 501(c)(3)status, i.e. non-exempt status.

If you should have any questions or would like to further discuss this letter, please do not hesitate to call the undersigned at (561) 804-4403.

Sincerely

James P. Dawson

cc: Bright Futures International
Academy for International Studies