

**Adam Smith Ventures, LLC**

1. a. **Are you associated with these entities in any way?**

Bryan Kelley is the manager and 50% owner of Webb Creek Management Group, LLC ("Webb Creek"). Webb Creek is the manager of the above-named entity. Bryan Kelley and Webb Creek will be referred to hereinafter as the "Respondent".

b. **Is the information contained in the database correct?**

The database identifies 280 separate entities, numerous individuals, alleges factual data, and makes estimates of such data. Respondent is in no position to determine if all of the "information contained in the database" is correct.

The database indicated that the above-named entity raised \$2,571,840.00, while in fact the amount raised was \$2,347,640.00.

c. **If it is not correct, please describe the nature of these entities listed immediately above, their purposes, and how or whether they created, distributed, or provided tax deductions for charitable contributions pursuant to 26 U.S.C. § 170 to their partners.**

The error in the data concerning the above-named entity is reflected in the answer to 1 b. above.

2. **For each entity from which you distributed to investors tax deductions from the contribution of real property or easements to charity, please provide:**

a. **The date(s) the partnership or pass-through entity(s) was formed,**

May 25, 2006

b. **The date(s) the partnership or pass-through entity(s) acquired the real property and the cost(s) of acquiring the real property involved,**

The real property in question was acquired in November of 2006. Respondent does not have the acquisition cost of the property available.

c. **A description of the real property as recorded in local land and real property tax records,**

See attached legal description for the above-named entity; Local Property Tax ID #013 067.

**d. The dates that interests in the partnership or pass-through entity(s) were sold to each of the investors,**

December 26, 2013

**e. The date( s) conservation easements on the real property were granted,**

December 28, 2013

**f. The 501(c)(3) organization to which the real property or easements were contributed,**

Atlantic Coast Conservancy, Inc.

**g. The total amount of deductions allocated and the tax years in which they were allocated,**

\$12,000,000 in charitable deductions were passed through to the members in the above-named entity for the 2013 tax year. It is unknown when the deductions were actually claimed by members or if any of the deductions were carried forward to a later tax year by the members.

**h. The total number of investors in each entity, and**

56 members

**i. The total equity investments by all of the partners to the entity.**

\$2,347,640 was contributed by new investors in 2013. Respondent does not know the total amount of investments made by the original members of the above-named entity. Of the amount raised, a portion of the proceeds was used to redeem a portion of the membership interest from existing owners, and a portion of the amount raised was used as a capital contribution to the above-named entity.

**Please provide copies of all promotional materials provided to investors, or any other communications made prior to an investor's participation in the transaction, including but not limited to presentations, memoranda, letters, emails, and notes, however formal or informal, describing the investment opportunities or the amount of tax benefits expected as a result of or potential result of the investment.**

Documents responsive to this question are attached.

3. **For each of the entities responsive to Question #2, indicate whether the appraisals for the contributed properties involved include the dates and costs related to the partnership or pass-through entity acquiring the ownership of the real property. For each, describe the extent to which you provided such information to the appraisers for their appraisals of the contributed property at issue.**

The intent and scope of this question is unclear. Appraisers were not provided information about the redemption of membership interests. Appraisers have access to real estate sales data. The appraisal(s) used by above-named entity to claim a charitable deduction are attached in response to Question 4 below.

4. **For all entities responsive to Question #2, please provide copies of all appraisals ( or other statements of value) for each contribution of real property, regardless of whether the appraisals were final copies, that were provided to investors, or were used to support the value of a charitable contribution under 26 U.S.C. § 170.**

Documents responsive to this question are attached.

5. **For all entities responsive to Question #2, indicate whether you prepared, or arranged to be prepared, assessments (or baseline studies or similar analyses) of the conservation value of the real property. Please provide copies of all such assessments regardless of whether the assessments were final copies, were provided to investors, or were used to support the value of a charitable contribution under 26 U.S.C. § 170.**

The baseline documentation report prepared by the land trust which accepted the donation of a conservation easement by the above-named entity is attached.

6. **For each of the entities responsive to Question #2 indicate the following:**  
**a. Did you provide to anyone legal opinions and/or memoranda as to the federal and/or state tax treatment of the investment for the investor?**

The Private Placement Memorandum provided to investors discussed the potential federal and/or state tax treatment of their investment.

- b. Did you recommend counsel to investors for the purpose of providing legal opinions and/or memoranda?**

No.

- c. The name and contact information for the counsel responsible for drafting and/or aiding in the drafting of such opinion and/or memoranda.**

McRae, Stegall, Peek, Harman, Smith & Manning, LLP was the legal counsel which drafted the Private Placement Memorandum. Contact information: Brian Bojo, 706-291-6223.

**d. Please provide copies of all such legal opinions and memoranda associated with each entity responsive to Question #2 above.**

The Private Placement Memorandum provided to investors in the above-named entity is attached in response to Question 2.

**7. Did you provide investors with any instructions or guidance as to how to comply with federal or state tax law, whether prior to an investor's entering into the transaction or subsequent to it, including the filing of federal or state tax returns?**

Respondent did not provide any tax advice with respect to federal and/ or state tax law. Respondent did assist with providing investors with K-1's and copies of Form 8283 and the contemporaneous gift letter. Where requested, copies of the baseline documentation report and appraisal were provided to investors.

**Please provide copies of all such instructions and guidance as to how investors might comply with federal and state tax law as well as federal and state tax-return filing requirements.**

Documents responsive to this question are attached.

**8. With regard to IRS Notices 2017-10 and 2017-29:**

**a. Did you provide investors with any instructions or guidance as to how to comply with the requirements of IRS Notice 2017-10? If so, please provide copies of all such instructions and guidance as to how investors might comply with the requirements of IRS Notice 2017-10.**

Respondent did not provide any tax advice with respect to Notice 2017-10 and 2017-29. However, Respondent did provide information and guidance to investors in the above-named entity and provided a sample Form 8886 for investors to share with their tax preparers.

**b. For each reportable transaction for which interests in the partnership or pass-through entities were sold or otherwise exchanged after December 23, 2016, please provide copies of any and all communications by you or your agents to partners concerning IRS Notices 2017-10 and 2017-29 or the possible status of the investment as a "listed transaction."**

The transactions centered around the above-named entity occurred before December 23, 2016.

9. Under Federal tax law, individuals designated as material advisors to any reportable transaction must file Form 8918 to disclose certain information about the reportable transaction. A material advisor must also maintain a list identifying each entity or individual to whom the advisor was a material advisor to a reportable transaction.

a. Did you file the Form 8918 with the IRS for each transaction identified in IRS Notice 2017-10?

Yes

b. Did you file with the IRS any protective disclosures in response to IRS Notice 2017-10?

No

c. Did you maintain an investor list as required by law?

Yes

d. Please provide all copies of Form 8918 for each transaction.

Documents responsive to this question are attached.

e. Please provide all copies of your investor lists for each transaction, including the names and addresses of each investor.

Documents responsive to this question are attached.

10. To what extent did your partnership or pass-through entities include a vote of the partners to determine whether to contribute a conservation easement, hold for investment, or develop the real property?

The members of the above-named entity voted on whether to conserve or develop the real property.

a. In any instance, did the partners ever vote in favor of developing the real property? If so, how many such votes in favor of developing the property took place?

Yes. A total of four percent of the membership interests of the above-named entity voted in favor of an investment proposal, which included, as an option, developing the property.

**b. What was the total number of partner votes in which developing real property was at issue?**

A total of four percent of the membership interests of the above-named entity voted in favor of an investment proposal.

**c. In any instance, did the partners ever vote in favor of holding the real property for investment? If so, how many such votes in favor of holding real property for investment took place? What was the total number of partner votes in which holding real property for investment was at issue?**

Yes. A total of four percent of the membership interests of the above-named entity voted in favor of an investment proposal, which included, as an option, holding the property for investment purposes.

**d. For each transaction, what was the projected non-tax economic profit for investors of developing the real property?**

The above-named entity did not offer a monetary projection for its investment proposal.

**e. For each transaction, what was the projected non-tax economic profit for investors of holding the real property for investment?**

The above-named entity did not offer a monetary projection for its investment proposal.

**For each transaction, what was the projected tax benefit for investors of contributing the real property or an easement on the real property?**

The above-named entity projected a \$12,000,000 charitable deduction would be available to its members if an easement was placed on the real property.

**f. Please provide copies of all minutes, presentations, memoranda, letters, emails, notes, and any other description of the processes by which such votes were conducted, however formal or informal, reflecting the meetings ( or other manners of voting) at which the votes discussed in Question # 10 were held.**

Documents responsive to this question are attached.

**11. To the extent not provided in response to the questions above, please provide copies of all organizational documents for the entities responsive to Question #2, meeting minutes for such entities, all formal or informal documentation relating to the**

**relationship between such entities and their investors, all SEC filings for such entities, and all communications with any state- or local-government agency or official regarding such entities or their associated syndicated conservation easement transactions.**

Documents responsive to this question are attached.

**12. For each investment transaction separately provide the percentages and amounts of the total of partners' investment was:**

- a. Charged or otherwise retained by (i) you, and (ii) by each non-partner in the entity, as compensation, commissions, or fees,**

PAGE 20 of the PPM provides a breakdown of the estimated proceeds and payments for the transaction associated with the above-named entity. Page 20 is attached independently. A more-detailed breakdown of funds raised and fees paid can be provided upon request.

- b. Retained as audit or contingency reserves, and**

The above-named entity retained \$100,000 as a contingency reserve.

- c. Retained or contributed to a tax-exempt entity to provide for maintenance of the real property or easement held by the tax-exempt entity that received the contribution.**

The above-named entity contributed \$30,750 to the Atlantic Coast Conservancy.