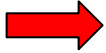


Internal Revenue Code Section 165(c)(1)

Losses

(c) Limitation on losses of individuals. In the case of an individual, the deduction under subsection (a) shall be limited to



- (1) losses incurred in a trade or business;
- (2) losses incurred in any transaction entered into for profit, though not connected with a trade or business; and
- (3) except as provided in subsection (h), losses of property not connected with a trade or business or a transaction entered into for profit, if such losses arise from fire, storm, shipwreck, or other casualty, or from theft.