



December 12, 2010

## Co-founder of Yellowstone Club Owes \$15.4M in Taxes

Edra Blixseth, the co-founder of the exclusive Montana based Yellowstone Club owes two years' worth of taxes amounting to \$15.4 million. The IRS has filed a claim for the amount in Blixseth's bankruptcy case.

Edra ran the club with her then husband Tim Blixseth for much of the last decade and assumed full control of it after her 2008 divorce. Among the members of this exclusive club were Bill Gates and former Vice President, Dan Quayle. However, the club accumulated more than \$400 in debts just months after Edra took over its operations. She then filed for bankruptcy in March 2009 in Montana and many of her assets have since been liquidated to pay off her debts.

The IRS claim amounted to \$14.8 million in taxes and \$561,221 in penalties. As yet, it is not clear what she contributed to the tax liability. The IRS declined comment citing federal disclosure laws.

Edra who lives in Rancho Mirage, California inherited the entire club along with its huge debts as part of a divorce settlement and is filing a lawsuit through the trustee of her estate seeking to declare the settlement agreement null and void. The couple also owes the state of Montana taxes

amounting to \$57 million due to money used from Yellowstone Club to buy luxury jets, yachts and cars that were written off as business expenses.

Edra's financial activities have also been under investigation by the FBI pertaining to some loans she took up in the months surrounding the club's bankruptcy filing, but no charges have been made. Apparently, when she made application of the loans, Edra declared assets worth far more than she actually owned. But the judge presiding over her case and that of Yellowstone Club's declared that she was unaware of the club's financial problems because her husband Tim hid it from her.

Now the IRS is pursuing Tim Blixseth for the shortfall of outstanding taxes with Edra declaring bankruptcy. The agency has filed a warrant to that effect.

Last year, Boston-based CrossHarbor Capital Partners bought over Yellowstone Club for \$115 million to bring it out of bankruptcy.