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16 **IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION**

17 UNITED STATES OF AMERICA,

18 Plaintiff,

19 v.

20 STEPHEN DRAKE,
individually and doing business as,
21 BENECORP, LLC,

22 and

23 KENNETH SORENSON,
individually and doing business as,
24 BENECORP, LLC, and
25 SORENSON & SORENSON, CPAS,

26 Defendants.

Civil No. 06-4831 FMC (VBKx)

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CENTRAL DISTRICT OF CALIFORNIA
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STIPULATED ORDER OF PERMANENT INJUNCTION

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3 Plaintiff, the United States of America, has filed an amended complaint for
4 permanent injunction against the defendant, Stephen Drake ("Drake"), individually and
5 doing business as Benecorp, LLC. Drake, without admitting any of the allegations in the
6 complaint except as to jurisdiction, waives the entry of findings of fact and conclusions of
7 law under Rule 52 of the Federal Rules of Civil Procedure and consents to the entry of this
8 permanent injunction under 26 U.S.C. §§ 7402, 7407, and 7408. Drake further waives any
9 right he may have to appeal from this permanent injunction. The parties agree that entry
10 of this permanent injunction neither precludes the Internal Revenue Service from assessing
11 penalties against Drake for asserted violations of the Internal Revenue Code nor precludes
12 Drake from contesting any such penalties.

13 **NOW, THEREFORE,** it is accordingly **ORDERED, ADJUDGED AND**
14 **DECREED** that:

- 15 1. The Court has jurisdiction over this action under 28 U.S.C. §§ 1340 and 1345 and
16 under 26 U.S.C. §§ 7402, 7407, and 7408.
- 17 2. Drake, individually and doing business as Benecorp, LLC, and or any other entity,
18 and his representatives, agents, servants, employees, and anyone in active concert or
19 participation with him, are **ENJOINED**, pursuant to Internal Revenue Code (I.R.C.) (26
20 U.S.C.) §§ 7402 and 7408 from directly or indirectly:
- 21 a) Promoting, recruiting for or selling the program
22 engaged in by Benecorp, LLC with certain members of the
23 Santa Ynez of Band of Chumash Indians that involved setting
24 up LLCs for Tribal Members (as more fully described in
25 paragraphs 1 through 5 of the amended complaint) ("the LLC
26 Program"), or any substantially similar program;
 - b) Continuing to operate or implement the LLC Program
in a manner in which the Tribal Members reduce their
reported federal income taxes and increase their monthly cash

1 flow from per capita distributions through the deduction of
2 management or consulting fees paid to Benecorp LLC.

3 c) Engaging in activity subject to penalty under I.R.C. §
4 6700, including organizing or selling a plan or arrangement
5 and in connection therewith making or furnishing a statement
6 regarding tax deductions, the excludability or deductibility of
7 income, or the securing of any other tax benefit that he knows
8 or has reason to know is false or fraudulent as to any material
9 matter;

10 d) Engaging in any other activity subject to penalty under
11 I.R.C. §§ 6700 or 6701.

12 e) Engaging in any other conduct that substantially
13 interferes with the administration or enforcement of the
14 internal revenue laws; and

15 f) Misrepresenting the terms of this injunction to
16 customers or prospective customers.

17 3. The amended complaint did not seek to enjoin the defendants from promoting the
18 CapNet7 Tribal Deferred Income Plan offered through Benecorp and nothing in this order
19 shall be construed to applying to, precluding or authorizing the sale, marketing or
20 promotion of the CapNet7 Tribal Deferred Income Plan.

21 4. Drake shall mail a copy of this injunction to all LLC Program customers and
22 participants, and to all other persons to whom he has sold a similar LLC Program within
23 the last five years. Drake must mail the copies within ten days of the date of this Order
24 and must file with the Court a sworn certificate stating that he has complied with this
25 requirement. The mailings shall include a cover letter in a form either agreed to by
26 counsel for the United States or approved by the Court, and shall not include any other
documents or enclosures.

IT IS FURTHER ORDERED that the Court retains jurisdiction to enforce this
injunction and the United States may engage in post-judgment discovery to monitor
Drake's compliance with this injunction.

SO ORDERED this ___ day of November, 2006.

IT IS SO ORDERED

DATED

12/5/06

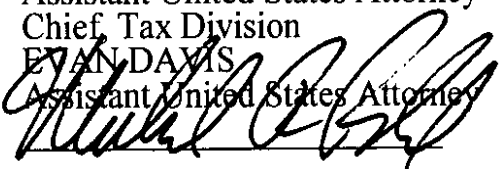
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UNITED STATES DISTRICT JUDGE

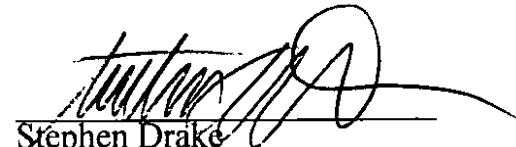
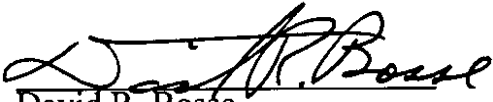
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FLORENCE MARIE COOPER
UNITED STATES DISTRICT JUDGE

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