

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
SIXTH DIVISION

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Civil No. 6-84-853
)	
WALTER MOORHOUSE, CHERI)	<u>FINAL JUDGMENT OF PERMANENT</u>
MOORHOUSE, CHERYL FOSHAUG,)	<u>INJUNCTION AS TO JAMES L.</u>
ARMAGEDDON, INC., MARTI INMAN,)	<u>NOSKE AND JOAN M. NOSKE</u>
PARNELL, INC., RICHARD HALL,)	<u>d/b/a ZAKO</u>
MISSION, INC., JAMES L. NOSKE)	
and JOAN M. NOSKE, d/b/a/ ZAKO,)	
)	
Defendants.)	

Plaintiff, the United States of America, having moved pursuant to Rule 37(d) of the Federal Rules of Civil Procedure for judgment by default against defendants James L. Noske and Joan M. Noske, and just cause appearing therefore, it is hereby ORDERED, ADJUDGED AND DECREED:

1. The Court has jurisdiction over this action pursuant to Sections 1340 and 1345 of Title 28 of the United States Code, and Sections 7402 and 7408 of the Internal Revenue Code of 1954, as amended (26 U.S.C.) ("Internal Revenue Code").
2. The Court has jurisdiction over the defendants James L. Noske and Joan M. Noske, served in open court with copies of the summons and First Amended Complaint in this action.
3. The Court finds that the defendants have engaged in conduct, as set forth in detail in the plaintiff's First Amended

Complaint in this Action, that is subject to penalty under Section 6700 of the Internal Revenue Code and that such conduct interferes with the proper enforcement of the Internal Revenue Laws under Section 7402(a) of the Internal Revenue Code and that injunctive relief is appropriate to prevent recurrence of such conduct.

4. It is further ORDERED, ADJUDGED AND DECREED that James L Noske and Joan M. Noske, their agents, employees, attorneys, and those persons in active concert or participation with them, are hereby enjoined from:

A. Organizing, assisting in the organization of, selling or otherwise promoting business trusts through written or oral false or fraudulent representations as to the federal tax effects of such organizations. Such false or fraudulent representations include that those persons who transfer their assets into a business trust and become trustees or otherwise retain control over those business trusts have effectively transferred any income or assets, either for federal income or estate tax purposes; and

B. Engaging in any other activity subject to penalty under Sections 6700 or 7402(a) of the Internal Revenue Code, which interferes with the proper enforcement of the internal revenue laws, particularly by making or furnishing false or fraudulent statements (in connection with the organization or sale of any partnership, entity, plan or arrangement) with respect to the allowability of any federal income tax deduction

or credit, the excludability of any income, and the securing of any other federal tax benefit.

5. It is further ORDERED, ADJUDGED AND DECREED, as part of the injunctive relief specifically prayed for in the First Amended Complaint, that James L. Noske and Joan M. Noske supply to the District Director of the Internal Revenue Service within ten (10) days of the entry of this judgment the names and addresses of all purchasers of the 186 business trusts on file with the Minnesota Secretary of State which list Armageddon, Inc. and Parnell, Inc. as corporate trustees. The term "purchasers" shall include all persons and entities transferring any property, whether real or personal, to said business trusts.

6. It is further ORDERED, ADJUDGED AND DECREED, as part of the specific relief prayed for in the plaintiff's First Amended Complaint, that for a period of 5 years from date of entry of judgment, if defendants James L. Noske or Joan M. Noske, acting individually or through any corporation or other entity now in existence or hereafter formed, or indirectly in any manner, organizes, assists in the organization of, or participates in the sale of any tax shelter, as defined below, defendant shall:

a. Promptly notify the Internal Revenue Service through the District Director of the Internal Revenue District wherein defendant resides) of the intent to participate in the organization or sale of such tax shelter;

b. Promptly provide the District Director with

complete and true copies of all offering documents, appraisals, or tax opinions, and other promotional material with respect to the tax shelter;

c. Wait a period of 30 days from the date such material is delivered to the District Director before offering for sale such tax shelter; and

d. Refrain from making any claim or statement that such notification or any failure by the Internal Revenue Service to comment on or take action with respect to the materials implies approval of the shelter by the Internal Revenue Service.

A "tax shelter," as the term is used herein, is an entity, plan or arrangement which has a significant feature for federal income, excise or employment tax purposes any of the following attributes:

a. Deductions in excess of income from the entity, plan or arrangement being available in any year to reduce income from other sources in that year, or

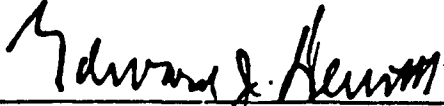
b. Credits in excess of the tax attributable to the income from the entity, plan or arrangement being available in any year to offset taxes on income from other sources in that year, or

c. Deductions attributable to the entity, plan or arrangement in the amount of taxable income or taxes reportable by any taxpayer.

7. It is further ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this action for the purpose of implementing and enforcing this Final Judgment and all additional decrees and orders necessary and appropriate to the public interest.

There being no just reason for delay, the Clerk is directed to enter this Final Judgment forthwith.

SO ORDERED this 16th day of November, 1985.



EDWARD J. DEVITT
United States District Judge