

S 2

1 DEBRA W. YANG
United States Attorney
2 EDWARD M. ROBBINS, JR.
Assistant United States Attorney
3 Chief, Tax Division
ROBERT F. CONTE (SBN 157582)
4 Assistant United States Attorney
Federal Building Room 7211
5 300 North Los Angeles Street
Los Angeles, California 90012
6 Telephone: (213) 894-2729
Facsimile: (213) 894-0115

ORIGINAL

SCANNED

7 NORMA J. SCHROCK
8 Trial Attorney, Tax Division
U.S. Department of Justice
9 PO Box 683
Ben Franklin Station
10 Washington, DC 20044
Telephone: (202) 305-0868
11 Facsimile: (202) 307-0054

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FILED
 CLERK, U.S. DISTRICT COURT
 4-6-04
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 CENTRAL DISTRICT OF CALIFORNIA
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12 Attorneys for United States of America

13 UNITED STATES DISTRICT COURT
14 FOR THE CENTRAL DISTRICT OF CALIFORNIA

LOADED

15 UNITED STATES OF AMERICA

16 Plaintiff,

Civil No. LACV03-7016 DDP (PJWx)

17 v.

18 [PROPOSED] INJUNCTION

19 JAMES A. MATTATALL

20 Defendant.

21
22 INJUNCTION

23 Upon motion for default judgment by Plaintiff, the United States of
24 America, the Court makes the following findings of fact and conclusions of
25 law and enters this injunction.
26

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1 **Standards for Injunction**

2 To obtain an injunction under 26 U.S.C. (IRC) § 7408, the United
3 States must show that Defendant James A. Mattatall engaged in conduct
4 subject to penalty under §§ 6700 or 6701, and that injunctive relief is
5 appropriate to prevent the recurrence of such conduct. To obtain an
6 injunction under IRC § 7407, the United States must show that Defendant
7 James A. Mattatall engaged in conduct subject to penalty under §§ 6694 or
8 6695, or engaged in any other fraudulent or deceptive conduct that
9 substantially interferes with the proper administration of the internal
10 revenue laws, and that injunctive relief is appropriate to prevent the
11 recurrence of such conduct. To obtain an injunction under IRC § 7402, the
12 United States must show that Defendant James A. Mattatall engaged in
13 conduct that interferes with the administration and enforcement of the
14 Internal Revenue laws, and that injunctive relief is appropriate to prevent
15 the recurrence of such conduct pursuant to the Court's inherent equity
16 powers.

17
18 **Factual Findings**

19 Based on the evidence and argument by the parties, the Court finds as
20 follows:

- 21 1. Defendant James A. Mattatall promotes and organizes an
22 abusive tax shelter, plan or arrangement, recommending the
23 misuse of business and family trusts, and advise customers to
24 claim unallowable federal tax benefits.
- 25 2. Defendant James A. Mattatall prepared returns for his trust
26 customers claiming unallowable deductions and resulting in
27 substantial understatements. Mr. Mattatall charged fees for his
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services.

3. Defendant James A. Mattatall prepared returns for others claiming unallowable deductions and resulting in understatements of tax liabilities. Mr. Mattatall charged fees for his services.
4. Defendant James A. Mattatall attempts to delay and obstruct the IRS examination of others' tax liabilities by refusing to produce information of taxpayers for whom he prepared tax returns and by counseling his clients not assert frivolous arguments.
5. Absent this injunction, Defendant James A. Mattatall will continue to promote his abusive tax scheme, and will continue to prepare federal income tax returns based upon that scheme, and will continue to delay the IRS examination of others' tax liabilities.
6. If this injunction is not granted, the United States will suffer irreparable harm because the defendants' conduct is causing and will continue to cause substantial revenue losses to the United States Treasury. The IRS will have to devote substantial time and resources simply to detect future customers' returns, and may be unable to detect all of them. Further, considerable IRS resources are spent reviewing and dealing with these returns. This injunction will prevent the expenditure of some of those resources.
7. Defendant James A. Mattatall's apparent positions regarding tax deductions and the use of trusts are meritless. The Government, therefore, will likely prevail on the merits.

- 1 8. The injury to the United States caused by Richmond and
2 Black's conduct outweighs any injury an injunction might
3 cause.
4 9. The public is served by granting this injunction.
5

6 **Conclusions of Law**

7 Based on the evidence presented in this case, the Court finds that
8 Defendant James A. Mattatall engaged in conduct subject to penalty under
9 IRC §§ 6700 and 6701 and that injunctive relief under IRC § 7408 is
10 appropriate to prevent the recurrence of that conduct. The Court also finds
11 that Defendant James A. Mattatall engaged in conduct subject to penalty
12 under IRC § 6694, and engaged in other fraudulent or deceptive conduct
13 which substantially interferes with the proper administration of the Internal
14 Revenue laws and that injunctive relief under IRC § 7408 is appropriate to
15 prevent the recurrence of that conduct. The Court further finds that
16 Defendant James A. Mattatall engaged in conduct with interferes with the
17 administration and enforcement of the Internal Revenue laws and that
18 injunctive relief is appropriate to prevent the recurrence of such conduct
19 under the Court's inherent equity powers as provided in IRC § 7402(a).

20 **Order**

21 Following the above Findings of Fact and Conclusions of Law, it is
22 hereby

23 **ORDERED** that Defendant James A. Mattatall is restrained and
24 enjoined from directly or indirectly:

- 25 a. Organizing or selling abusive tax shelters, plans, or programs
26 that advise or encourage taxpayers to attempt to evade the
27 assessment or collection of their correct federal tax;
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3 CONTINUED

- 1 b. Instructing others to promote or sell abusive tax shelters, plans,
2 or programs;
- 3 c. Making false statements about the allowability of any
4 deduction or credit, the excludability of any income, or the
5 securing of any other tax benefit by the reason of participating
6 in such tax shelters, plans, or programs;
- 7 d. Instructing or advising taxpayers to understate their federal
8 income tax liabilities;
- 9 e. Further acting as return preparers or assisting in or directing the
10 preparation of federal tax returns which knowingly will result
11 in the understatement of any tax liability;
- 12 f. Further engaging in any other activity subject to penalty under
13 I.R.C. §§ 6694, 6700 or 6701 or injunction under IRC §§ 7408,
14 7407 or 7402; and
- 15 g. Engaging in other similar conduct that substantially interferes
16 with the proper administration and enforcement of the internal
17 revenue laws.

18 It is further

19 ORDERED, that Defendant James A. Mattatall provide within 10
20 days a complete list of his clients (including names, addresses, phone
21 numbers, and social security numbers or employer identification numbers)
22 who have purchased trusts plans from him, for whom he has created one or
23 more trust, or for whom he has performed trustee services; it is further

24 ORDERED, that Defendant James A. Mattatall is required to mail a
25 copy of this Court's Order of Injunction to

- 26 a. All persons for whom the defendants prepared federal income
27 tax returns or any other federal tax forms from January 1, 2000,
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to the present; and

b. All persons who purchased trust packages from him (or his agents or designees).

c. All persons whom he is currently acting in a representative capacity before the Internal Revenue Service.

SO ORDERED this 5th day of APRIL, 2004, at 10:15, A.M.



DEAN D. PREGERSON
United States District Judge

Prepared by:

Norma Schrock by PFC
NORMA J. SCHROCK
Trial Attorney, Tax Division
U.S. Department of Justice
Post Office Box 683
Ben Franklin Station
Washington, D.C. 20044
Telephone: (202) 305-0868
3/5/04

1 PROOF OF SERVICE BY MAILING

2 I am over the age of 18 and not a party to the within
3 action. I am employed by the Office of the United States
4 Attorney, Central District of California. My business address is
5 300 North Los Angeles Street, Suite 7211, Los Angeles, California
6 90012.

7 On, March 5, 2004 I served

8 **[PROPOSED] INJUNCTION**

9 on each person or entity named below by enclosing a copy in an
10 envelope addressed as shown below and placing the envelope for
11 collection and mailing on the date and at the place shown below
12 following our ordinary office practices. I am readily familiar
13 with the practice of this office for collection and processing
14 correspondence for mailing. On the same day that correspondence
15 is placed for collection and mailing, it is deposited in the
16 ordinary course of business with the United States Postal Service
17 in a sealed envelope with postage fully prepaid.

18 Date of mailing: March 5, 2004

19 Place of mailing: Los Angeles, California;

20 See Attached.

21 I declare under penalty of perjury under the laws of the
22 United States of America that the foregoing is true and correct.

23 I declare that I am employed in the office of a member of
24 the bar of this court at whose direction the service was made.

25 Executed on: March 5, 2004, Los Angeles, California.

26 
27 GLORIA R. SANDOVAL
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1 USA vs. James A. Mattatall
Case No. LA CV 03-7016 DDP(PJWx)

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3 Service List:

4 James A. Mattatall
23624 Kenworthy Avenue
5 Harbor City, CA 90710

6

7 Courtesy Copy to:

8 Robert S. Watkins, Esquire
9 Chief, Civil Trial Section
Western Region
10 U.S. Department of Justice
Tax Division
11 P.O. Box 683 Ben Franklin Station
Washington, D.C. 20044-0683

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