

FILED - SOUTHERN DIVISION
CLERK, U.S. DISTRICT COURT
OCT - 6 2008
CENTRAL DISTRICT OF CALIFORNIA
BY *AB* DEPUTY

1 UNITED STATES DISTRICT COURT
2 FOR THE CENTRAL DISTRICT OF CALIFORNIA

3
4 UNITED STATES OF AMERICA,
5 Plaintiff,

6 v.

7 SAMUEL J. DeANGELO; JOE
8 GORDON SHIELDS, a/k/a
9 GORDON SHIELDS; ALAN M.
10 HOVEY; JEFFREY R. WRIGHT;
11 KELLY DAVID, a/k/a DAVID
12 KELLY; and WESTERN TAX
SERVICES, INC.,

13 Defendants.

) No. SA CV 03-251 AG (MLGx) "0"

) ~~PROPOSED~~ JUDGMENT PERMANENTLY
) ENJOINING DEFENDANTS DeANGELO
) AND DAVID FROM ENGAGING IN
) CERTAIN CONDUCT SUBJECT TO
) INCOME TAX RETURN PREPARER
) PENALTY UNDER I.R.C. § 6694

13 The Court having granted the United States' motion for
14 summary judgment against the remaining defendants, Samuel J.
15 DeAngelo and Kelly A. David (the "Remaining Defendants"), to
16 permanently enjoin them from engaging in certain conduct subject
17 to tax return preparer penalty under I.R.C. § 6694, it is,
18 accordingly, hereby **ORDERED, ADJUDGED, AND DECREED**, that pursuant
19 to I.R.C. Section 7407(b) and I.R.C. Section 7402(a), the
20 Remaining Defendants, along with any agents, servants, employees,
21 attorneys, or other persons *in* active concert or participation
22 with them, are **HEREBY PERMANENTLY ENJOINED** from:

- 23 a. Engaging in certain conduct subject to penalty
24 under I.R.C. Section 6694, namely preparing
25 federal income tax returns or claims for refund
26 that overstate the allowable amount of charitable
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1 contributions and/or employee business expenses.
2 In furtherance of this injunction, the Remaining
3 Defendants, along with any agents, servants,
4 employees, attorneys, or other persons ~~in~~ active
5 concert or participation with them, shall comply
6 with all applicable laws, regulations and
7 administrative procedures in preparing any return
8 containing deductions for charitable contributions
9 and/or employee business expenses, including, but
10 not limited to, (i) ensuring that such deductions
11 are allowable and properly documented at the time
12 the return is prepared or filed in accordance with
13 applicable Treasury Publications and the official
14 instructions to Form 1040, Sch. A to Form 1040,
15 Form 2106 and 2106-EZ, and Form 8283, retaining
16 copies of such documentation for examination by
17 the IRS, (ii) explaining these deductions to each
18 customer and pointing them out to the customer
19 their location(s) on the return before the
20 customer signs the return, (iii) completing and
21 attaching any and all required Treasury Forms for
22 such deductions, and (iv) ensuring that such
23 deductions are properly itemized and reported on
24 Schedule A of the return in accordance with the
25 official instructions thereto and the relevant
26 Treasury Publications. Further, the Remaining
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1 Defendants, along with any agents, servants,
2 employees, attorneys, or other persons ~~in~~ active
3 concert or participation with them, are
4 permanently enjoined from advising or suggesting
5 that a taxpayer's cost basis in goods donated to a
6 charitable organization may be used as the fair
7 market value of those goods for purpose of
8 determining the taxpayer's charitable deduction
9 amount.

- 10 b. Engaging in conduct subject to penalty under
11 I.R.C. Section 6701, "Penalties for Aiding and
12 Abetting Understatement of Tax Liability,"
13 including preparing or assisting in the
14 preparation of a document related to a matter
15 material to the internal revenue laws that they
16 know will (if so used) result in an understatement
17 of another person's tax liability;
- 18 c. Instructing, advising, or assisting other persons
19 to understate their federal tax liabilities;
- 20 d. Engaging in any other conduct that interferes with
21 the proper administration and enforcement of the
22 internal revenue laws; and
- 23 e. Misrepresenting any of the terms of this
24 injunction.

25 If, after the date of this order, either of the Remaining
26 Defendants resumes preparing (or helping to prepare) federal
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1 income tax returns, amended returns, refund claims, or other
2 federal tax-related documents, he shall inform each of his
3 customers about the terms of this order. Further, on or before
4 the last day of August each year, he shall produce to the IRS,
5 care of Small Business/Self Employed Lead Development Center,
6 24000 Avila Road, Mail Stop 5040, Laguna Niguel, CA 92677, a list
7 of all of his customers for the previous calendar year, providing
8 name, address, phone number and/or email address, and social
9 security number/EIN for each such customer.

10 4. Nothing in this order shall be construed to compromise,
11 preclude or otherwise affect any other proceedings against or
12 involving either of the Remaining Defendants, civil or criminal,
13 whether not pending or hereafter commenced. The United States
14 may engage in discovery under the Federal Rules of Civil
15 Procedure to monitor compliance with the terms of this order, and
16 this Court shall retain jurisdiction for the purpose of
17 implementing and enforcing this order and all additional orders
18 necessary and appropriate to the public interest.

19 5. The parties hereto shall bear their respective costs,
20 including any possible attorneys' fees or other expenses of this
21 litigation.

22 Dated:

OCTOBER 6, 2008


ANDREW J. GUILFORD
United States District Judge