

4. In promoting the Tax Toolbox, Gleason falsely states that personal expenses, including travel, meals, golf, cars, medical expenses, kids' allowances, and everyday household expenses can be deducted as business expenses. These statements are not properly qualified by stating that a home-based business must have a business purpose and the intent to make a profit, and that business expenses must be necessary and related to the business purpose.

5. In promoting the Tax Toolbox, Gleason falsely asserts that taxpayers can make their family's medical expenses "100% deductible" merely by employing their spouse in the home-based business. Gleason falsely states that customers can make these expenses "100% deductible" merely by filing out a "employment agreement between spouses and/or children" or "company medical reimbursement plan," and that these documents will pass IRS scrutiny. Gleason does not advise his customers that the spouse must perform work that is necessary for the business, that the IRS and the courts will closely scrutinize the relationship to determine whether a bona fide employer-employee relationship exists and whether the payments received were made on account of the employer-employee relationship or the family relationship, and that courts have rejected similar attempts to use the fiction of a home-based business to manipulate the deductibility limits for medical expenses set forth in 26 U.S.C. § 213.

6. In promoting the Tax Toolbox, Gleason falsely states that taxpayers can pay their minor childrens' allowances as a wage for services performed on a small business. Gleason falsely informs his customers that as long as the payment is reasonable for the child's age and experience, the expense is deductible as a business expense. Gleason also falsely states that customers can make these wages fully deductible and pass IRS scrutiny by entering into a "promissory agreement," where the parents pay the minor children a salary and the children "loan" the money back to the parents. Gleason fails to inform his customers that salaries for an employee of a home-based business are deductible only if they are ordinary and necessary, reasonable, and for services actually rendered, or that many tax court decisions have disallowed deductions for salaries paid to children or other family members.

7. In promoting the Tax Toolbox, Gleason falsely asserts that the Tax Toolbox and the tax deductions discussed therein are audit-proof. Gleason fails to inform his customers that no tax arrangement is immune from IRS scrutiny, that the IRS has already begun auditing hundreds of Gleason's Tax Toolbox customers, or that many tax court decisions have disallowed the supposed tax benefits promoted in the Tax Toolbox.

8. In promoting the Tax Toolbox, Gleason falsely states that he provides a "100% Accuracy Guarantee." Although Gleason promises to pay any "*penalties or interest* from our mistake," he does not

guarantee to pay the underlying tax resulting from participation in his abusive tax scheme. Gleason's guarantee is thus false--there is no "100% Guarantee" for his customers.

9. In addition to false statements about the Internal Revenue Code set forth above, Gleason has made repeated false claims to induce customers to buy the Tax Toolbox, including:

a. falsely claiming to be an attorney, an enrolled agent with the IRS, an adjunct professor of business law and taxation, and an editor and a reviewer of articles for Newsweek, among other misrepresentations;

b. falsely claiming that all of his tax coaches were CPAs and IRS Enrolled Agents;

c. falsely claiming that he is such a good attorney that the government pays his fees, when he is not an attorney and has been awarded fees in only one case, for the relatively minor sum of \$318.75;

d. falsely claiming that he has never "lost a case in tax court" when Gleason admits that he has never even *tried* a case in Tax Court;

e. disingenuously claiming that he has "never lost a tax court dispute to date" and that he "has a 100% success record in tax court" when Gleason is referring to cases he has *conceded* and defines "loss" to mean that he has never had a client receive a decision that they did not agree to;

f. falsely claiming that over 50% of his audits result in *refunds*, when this figure includes audits resulting in "no changes" to the taxpayer's return;

g. falsely claiming that customers would have "free Form 1040 preparation," when in reality the cost to Gleason's customers varies based on the number of schedules attached to the return;

h. falsely presenting "customer testimonials" in promotional materials, including that of "A.M.," who was not a customer but one of Gleason's own salespersons, Alexander Mandossian;

h. misleading customers by referring them to only certain IRS publications, but not IRS Publication 4035, which expressly warns taxpayers of the potential dangers of home-based business scams, claiming he need not do so on the specious ground that this publication was not "relevant" to his home-based business customers.

10. Gleason knew or had reason to know of the falsity of the statements made in the Tax Toolbox. Gleason proclaims himself a nationally recognized authority in the field of tax reduction. Gleason admits that he is aware of the many tax court decisions disallowing business expenses for person who are not engaged in a business for profit and disallowing deductions for salaries paid to children or other family members. Gleason also concedes that the rules pertaining to when a business owner can deduct expenses paid to family members are complex, and that the IRS has issued several warnings to taxpayers about home-based business scams. Thus, there is substantial evidence that Gleason either knew or had reason to know of the falsity of the statements he was making.

11. Gleason's attempts to blame the false statements in the Tax Toolbox on marketing persons or salespeople, as well as Gleason's claim that he was unaware of some of the false statements in the Tax Toolbox, are not credible.

12. Gleason's claim that he marketed the Tax Toolbox only to existing business owners is not credible.

13. Gleason's claim that he is not obligated to tell his customers about IRS publications or court cases that would call

into question the legality of the some of the claimed tax benefits of the Tax Toolbox is not credible. Gleason has a fiduciary duty to his customers to provide them all information, favorable or not, regarding the legality of deductions they may claim using the Tax Toolbox. Any reputable tax consultant would expose all risks of a particular tax strategy, in order to protect their clients from audit or simply to avoid being sued for malpractice. By failing to provide this information, Gleason exponentially increased the risk that his customers would be audited, owe back taxes, penalties, and interest, and possibly face criminal prosecution.

14. Gleason's false statements pertain to the availability of tax deductions and other mechanisms for reducing tax liability. As a result, Gleason's false statements are "material" within the meaning of 26 U.S.C. 6700.

Accordingly, this Court **ORDERS** that:

A. Under 26 U.S.C. § 7408, a permanent injunction is entered prohibiting Gleason, individually and doing business as Tax Toolbox Inc. and My Tax Man Inc., and his representatives, agents, servants, employees, attorneys, joint venturers, business partners, and those persons in active concert or participation with him, from directly or indirectly promoting, marketing, or selling the Tax Toolbox, or similar false and fraudulent schemes and from providing services to Tax Toolbox customers.

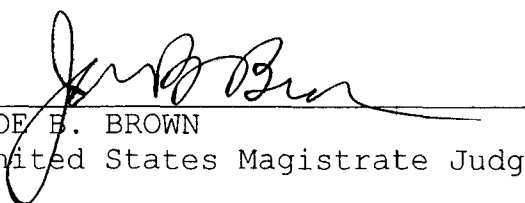
B. That Gleason contact by mail (and also by e-mail, if an address is known) within 21 days of the entry of this Order all

persons who have purchased the Tax Toolbox and inform them of the Court's findings concerning the falsity of Gleason's representations and attach a copy of the permanent injunction against Gleason and his associates and related entities. Gleason must file a sworn certificate of compliance with this portion of the Order, within 28 days of the date of this Order;

C. That Gleason produce to the United States within 21 days of the entry of this Order any records in his possession or to which he has access, identifying the persons who have purchased the Tax Toolbox

D. That Gleason and his representatives, agents, servants, employees, attorneys, joint venturers, business partners, and those persons in active concert or participation with him display prominently on the first page of their websites a complete copy of the Court's permanent injunction within 14 days of the entry of this Order, including a disclaimer advising customers that Gleason made false representations about the tax advantages of home-based businesses, as set forth above.

It is so **ORDERED**.



JOE B. BROWN
United States Magistrate Judge