

IN THE UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

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|--|---|-------------------------|
| UNITED STATES OF AMERICA, |) | |
| |) | |
| Plaintiff, |) | |
| |) | |
| v. |) | Civil No. 4:08-CV-00584 |
| |) | |
| ERIC J. PETERSON, individually and d/b/a |) | |
| ELEC-ME ENTERPRISES, |) | |
| |) | |
| Defendants. |) | |

STIPULATED ORDER OF PERMANENT INJUNCTION

Plaintiff, the United States of America, has filed a complaint seeking a permanent injunction under Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7402, 7407, and 7408 against defendant Eric J. Peterson, doing business as Elec-Me Enterprises. Peterson neither admits nor denies the allegations in the complaint, but agrees to the entry of this permanent injunction and waives the entry of findings of fact and conclusions of law under Rules 52 and 65 of the Federal Rules of Civil Procedure.

Peterson also understands that this permanent injunction constitutes the final judgment in this matter and waives the right to appeal from this injunction order. The Parties agree that entry of this permanent injunction order neither precludes the Internal Revenue Service from assessing penalties against Peterson for asserted violations of the I.R.C; nor precludes Peterson from contesting any such penalties. Peterson further understands that he may be subject to civil or criminal sanctions for contempt of court if he violates this injunction.

Accordingly, **IT IS HEREBY ORDERED** that Defendant Eric J. Peterson, and all those in active concert or participation with him, are permanently **ENJOINED** pursuant to I.R.C. §§ 7402, 7407, and 7408 from directly or indirectly:

- (a) Organizing, promoting, or selling the Mining Interest Development Action Strategy (MIDAS) program associated with Merendon Mining, Inc. and its subsidiary corporations;
- (b) Making false or fraudulent statements, in connection with the organization or sale of a tax shelter, plan, or other arrangement, about the allowability of any deduction or credit, the excludability of any income, or the securing of any other tax benefit by reason of participating in the tax shelter, plan, or other arrangement;
- (c) Organizing, promoting, selling, or advising participation in any tax shelter, plan, investment, business venture, or arrangement that makes false or fraudulent representations about federal tax benefits or treatment because of participation in such tax shelter, plan, investment, business venture, or arrangement;
- (d) Causing or assisting other persons and entities to understate their federal tax liabilities and avoid paying federal taxes;
- (e) Preparing or assisting others in the preparation of any tax forms or documents on behalf of any other person or entity including a claimed deduction under I.R.C. § 616 for which the taxpayer has not made any mining development investment;
- (f) Engaging in any other conduct subject to penalty under I.R.C. § 6700, including making or furnishing, in connection with the organization or sale of a shelter, plan, or arrangement, a statement that he knows or has reason to know to be false or fraudulent as to any material federal tax matter, or by making a gross valuation overstatement;
- (g) Engaging in conduct subject to penalty under I.R.C. § 6701, including preparing or assisting others in the preparation of any tax forms or other documents to be used in connection with any material matter arising under the internal revenue laws and which he knows will (if so used) result in the understatement of another person's tax liability;
- (h) Engaging in any conduct subject to penalty under I.R.C. § 6694, including preparing tax returns for customers where there is no reasonable belief that the position would more likely than not be sustained on its merits;
- (i) Engaging in any conduct subject to any penalty under the I.R.C.; and

- (j) Preparing or filing, or helping others to prepare or file, federal tax returns, amended returns, or any other tax-related documents or forms:
 - (i) containing a claimed deduction pursuant to I.R.C. § 616; or
 - (ii) for any person affiliated with, or a customer of the Institute for Financial Learning.
- (k) Misrepresenting the terms of this injunction to customers or prospective customers.

IT IS FURTHER ORDERED that Peterson produce to counsel for the United States a list of the names, addresses, e-mail addresses, phone numbers, and Social Security numbers of all customers

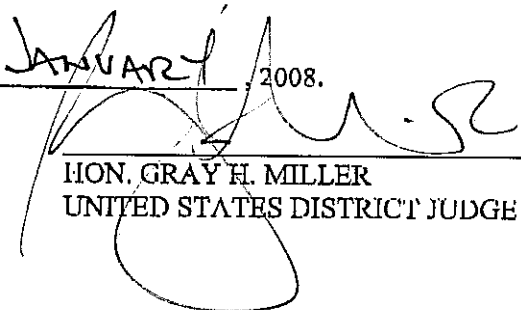
- (a) with whom he had correspondence concerning the MIDAS program;
- (b) for whom he created, prepared, or filed federal tax returns claiming an I.R.C. § 616 deduction; and
- (c) affiliated with Merendon whom he advised, counseled, or otherwise assisted regarding the preparation of federal tax returns or advised regarding their tax liability.

Peterson must produce this information in spreadsheet format within 20 days of the date of this Order and must, within 22 days of the date of this Order, file a sworn certificate of compliance stating that he has complied with this requirement.

IT IS FURTHER ORDERED that Peterson mail a copy of this Order and a cover letter informing all persons identified as his customers of the entry of the Court's findings and injunction, that their tax returns are likely erroneous, that they may be subject to penalties because of the erroneous tax returns. Peterson must mail the Order and cover letter to these identified persons within 20 days of the date of this Order, and must file a sworn certificate stating that he has complied with this requirement and listing the names and addresses of all persons he has notified, within 22 days of the date of this Order.

IT IS FURTHER ORDERED that the Court retains jurisdiction for purposes of implementing and enforcing the final judgment and any additional orders necessary and appropriate to the public interest. The United States may engage in post-judgment discovery to monitor Peterson's compliance with this injunction

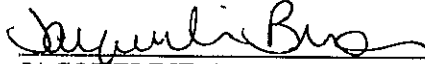
IT IS FURTHER ORDERED that this Stipulated Order of Permanent Injunction shall serve as a final judgment in this matter, with each party to bear its own costs.

IT IS SO ORDERED, this 6th day of JANUARY, 2008.



HON. GRAY H. MILLER
UNITED STATES DISTRICT JUDGE

Submitted and agreed to by:

DONALD J. DEGABRIELLE, JR.
United States Attorney



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