

IN THE UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF OHIO

| | | |
|--------------------------------|---|-------------------|
| UNITED STATES OF AMERICA |) | |
| |) | |
| Plaintiff, |) | |
| |) | |
| v. |) | Civil No. 07-1221 |
| |) | |
| DANIEL D. WEDDINGTON; JAMES R. |) | |
| EARL; MID-CON PETROLEUM, INC., |) | |
| AURORA CAPITAL GROUP, INC, |) | |
| JEFFREY L. GAUMER |) | |
| |) | |
| Defendants. |) | |

STIPULATED PERMANENT INJUNCTION
AS TO JEFFREY L. GAUMER

The United States has filed a complaint for permanent injunction under 26 U.S.C. §§ 7402(a), 7407, and 7408 against defendants Daniel D. Weddington, James R. Earl, Mid-Con Petroleum, Inc., Aurora Capital Group, Inc., and Jeffrey L. Gaumer. The United States alleges in part that the defendants promoted, organized and/or sold interests in oil and gas drilling programs; that the participants and/or investors in these programs were permitted to buy their interests through a payment made up of cash and a nonrecourse promissory note; that, in connection with the investments in these oil and gas drilling programs, the defendants advised the participants and/or purchasers they were entitled to take deductions against gains on their federal income tax returns in excess of their *pro rata* share of the actual costs (if any) incurred by defendant Mid-Con Petroleum, Inc. in drilling the wells; and that the participants' claimed losses exceeded their actual basis in the drilling program. The United States maintains that these and

other attributes of these oil and gas drilling programs (hereinafter “the Mid-Con Drilling Programs”) cause the drilling programs to be unlawful tax shelters.

The United States and Defendant Jeffrey L. Gaumer agree that Gaumer’s consenting to this permanent injunction does not constitute an admission by Gaumer of any of the allegations set forth by the United States in the foregoing paragraph or its amended complaint.

Gaumer waives the entry of findings of fact and conclusions of law under Rules 52 and 65 of the Federal Rules of Civil Procedure, and consents to the entry of this permanent injunction without further notice and agrees to be bound by its terms. Gaumer understands that this permanent injunction constitutes the final judgment in this matter, and waives the right to appeal from this judgment.

Gaumer further understands and agrees that the Court will retain jurisdiction over this matter for the purpose of implementing and enforcing this injunction and understands that if he violates the injunction, he may be subject to civil and criminal sanctions for contempt of court. The United States and Gaumer agree that entry of this permanent injunction neither precludes the Internal Revenue Service from assessing penalties against Gaumer for asserted violations of the Internal Revenue Code nor precludes Gaumer from contesting any such penalties.

ORDER

IT IS HEREBY ORDERED that defendant Jeffrey L. Gaumer and his representatives, agents, servants, employees, and anyone in active concert or participation with him, is **PERMANENTLY ENJOINED**, pursuant to Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7402 and 7408 from directly or indirectly:

- (1) Organizing, promoting, marketing, or selling the Mid-Con Drilling Programs or any

other program that is the same as or substantially similar to the Mid-Con Drilling Programs.

(2) Organizing, promoting, marketing, or selling any tax shelter, plan, or other arrangement that advises or assists customers to attempt to violate the internal revenue laws or unlawfully evade the assessment or collection of their federal tax liabilities;

(3) Causing or assisting other persons or entities to understate their federal tax liabilities on federal tax returns;

(4) Engaging in any conduct subject to penalty under IRC § 6700 by organizing, promoting, marketing, or selling any tax shelter, plan, or other arrangement and, in connection therewith, making gross valuation overstatements (as defined in IRC § 6700) or making statements that he knows or has reason to know are false or fraudulent about the allowability of any deduction or credit, the excludability of any income, or the securing of any tax benefit by reason of participating in such tax shelter, plan, or other arrangement;

(5) Engaging in activity subject to penalty under I.R.C. § 6701, including advising with respect to, preparing, or assisting in the preparation of a document related to a material matter under the internal revenue laws that he knows will, if used, result in an understatement of another person's tax liability;

(6) Engaging in any other conduct subject to penalty under any penalty provision of the IRC, or engaging in any other conduct that interferes with the administration or enforcement of the internal revenue laws.

IT IS FURTHER ORDERED that Gaumer must produce to counsel for the United States a list identifying (by name, address, e-mail address, phone number, and Social Security or other tax identification number) all participants for which Gaumer received finder's fees for

bringing the participants into the Mid-Con Drilling Programs, or any other tax shelter, investment plan, or other financial arrangement that Gaumer has sold or promoted at any time between January 1, 2001 and September 1, 2008.

IT IS FURTHER ORDERED that Gaumer must produce to counsel for the United States a list identifying (by name, address, e-mail address, phone number, and Social Security or other tax identification number) all participants for which Gaumer prepared federal income tax returns between January 1, 2001 and September 1, 2008.

IT IS FURTHER ORDERED that the Court retains jurisdiction to enforce this injunction and the United States may engage in post-judgment discovery to monitor Gaumer's compliance with this injunction.

IT IS FURTHER ORDERED that this injunction shall terminate and cease to exist upon ten years from entry of this order or at such earlier date as may be agreed to by the parties with a stipulation filed with the Court.

Agreed to by:

GREGORY G. LOCKHART
United States Attorney

s/ Shana M. Starnes
SHANA M. STARNES
Pennsylvania Bar 201317
Trial Attorney, Tax Division
U.S. Department of Justice
Post Office Box 7238
Washington, D.C. 20044
Telephone: (202) 616-1707
Email: shana.m.starnes@usdoj.gov

Attorneys for the United States of America

/s/ Janet Kravitz
JANET KRAVITZ
Ohio Bar 0038901
Kravitz, Brown & Dortch, LLC
65 E. State Street, Suite 200
Columbus, OH 43215
614.464.2000
jkraivitz@kravitzllc.com
Attorney for Jeffrey L. Gaumer

/s/ Jeffrey L. Gaumer
Jeffrey L. Gaumer
552 Tammy Circle
Newark, Ohio

SO ORDERED this 7 day of November 2008.

s/ James L. Graham
James L. Graham
UNITED STATES DISTRICT JUDGE