

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

UNITED STATES	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil No. 03-CV-3880
	)	
CLIFTON BEALE,	)	
LIGHTHOUSE ESTATE PLANNING TRUST,	)	
BEACON TRUST SERVICES, LLC	)	Judge: Hon. Jerome B. Simandle
TAX COMPLIANCE SERVICES, LLC and	)	
CLIFTON BEALE CONSULTING, LLC,	)	
	)	
Defendants.	)	

**AGREED ORDER OF PERMANENT INJUNCTION**

**FINDINGS**

1. Plaintiff, the United States, has filed a Complaint for Permanent Injunction against, among others, the defendant, Clifton Beale ("Beale"). Beale does not admit the allegations of the complaint, and denies any wrongdoing. Notwithstanding the foregoing, Beale admits that the Court has jurisdiction over him and over the subject matter of this action. By his consent, which has been previously filed, Beale waives the entry of findings of fact and conclusions of law, and consents to the entry of this Permanent Injunction.
2. The Court has jurisdiction over this action under 28 U.S.C. Sections 1340 and 1345, and under 26 U.S.C. Sections 7402, 7407 and 7408.
3. The Court finds that Beale has admitted no wrongdoing, and that Beale denies that he is subject to penalty under 26 U.S.C. Sections 6700 and 6701. The Court further notes that Beale has stated in open Court that he will no longer prepare

federal income tax returns for other persons and entities. Moreover, Beale has produced to the United States information regarding his insurance customers, and has also produced certain customer information from his practice.

### **ORDER**

- A. Definitions. For purposes of this order, the following terms shall have the meanings as described:
1. "Partnership," "entity," "investment plan," and "arrangement" have the same meaning as those terms have in IRC Section 6700(a). The terms include, without limitation, trusts and limited liability companies.
  2. "Financial product" means any plan, scheme or arrangement that purports to provide the purchaser with any financial benefit.
  3. "Tax-savings plan" means any plan, scheme or arrangement that purports to provide the purchaser with any kind of tax savings or tax benefit.
  4. "Estate plan" means any plan, scheme or arrangement that purports to arrange a person's property or estate, including, without limitation, plans and arrangements such as wills and insurance.
  5. "Income tax return preparer" has the same meaning as stated in IRC Section 7701(a)(36) and accompanying federal regulations.
  6. "Identify" means to provide all information which can be used to ascertain the identity and location of a person or other entity, including without limitation, names, addresses, telephone numbers, social-security numbers and e-mail addresses.

B. The Court **ORDERS** that the defendant, Clifton Beale, and his representatives, employees, agents and all other persons in active concert or participation with Beale who receive actual notice of this Order, are enjoined from:

1. Engaging in activity subject to penalty under IRC § 6700, including organizing and/or selling any partnership or other entity, investment plan or arrangement (including without limitation, trusts, limited liability companies, financial products, tax-savings plans and estate plans), and making in connection therewith any statement regarding the availability of any deduction or credit, the excludability of income, or the securing of any other tax benefit which they know or have reason to know is false or fraudulent as to any material matter;
2. Engaging in activity subject to penalty under IRC § 6701, including preparing and/or assisting in the preparation of a document related to a matter material under the internal revenue laws that includes a position that they know will result in the understatement of tax liability;
3. Engaging in any other activity subject to penalty under IRC §§ 6700, or 6701;
4. Preparing federal income tax returns for other persons or entities, or engaging in conduct subject to penalty under IRC §§ 6694 and 6695; and
5. Further engaging in any conduct that unlawfully interferes with the administration and enforcement of the internal revenue laws by the Internal Revenue Service.

C. It is further **ORDERED**, pursuant to IRC §§ 7402 and 7408, Clifton Beale shall contact, in writing, by first class mail within 11 days of the entry of this order on the Court's docket, to the extent the identities of these persons are within his possession, custody and control:

1. All persons who purchased any partnership or other entity, investment plan or arrangement, including without limitation any trust, limited liability company, financial product, tax-savings plan or estate plan from Beale, or his representatives, agents, servants, employees, attorneys, or other persons acting in concert or participation with him at any time since June 1, 1997;
2. All persons who purchased any partnership or other entity, investment plan or arrangement, including without limitation any trust, limited liability company, financial product, tax-savings plan or estate plan, at any time since June 1, 1997 from any entity (including without limitation any corporation, partnership, limited partnership, limited liability company, proprietorship or other organization or association) in which or with whom Beale has had (a) any ownership interest, (b) any employment relationship, (c) any contractual arrangement, (d) or any other commercial or business affiliation;
3. All persons on whose behalf Beale, or his representatives, agents, servants, employees, attorneys, or other persons acting in concert or participation with him, prepared and/or assisted in the preparation of any

federal or state income-tax returns or tax-related documents at any time since June 1, 1997; and

4. All persons who contacted Beale, his representatives, agents, servants, employees, attorneys, or other persons acting in concert or participation with him, regarding the purchase of any partnership or other entity, investment plan or arrangement, including without limitation any trust, limited liability company, financial product, tax-savings plan or estate plan, at any time since June 1, 1997;
5. All persons to whom Beale, his representatives, agents, servants, employees, attorneys, or other persons acting in concert or participation with him provided tax compliance advice, tax preparation services, tax analysis for income tax liabilities, estate and income tax analysis, tax research, position papers for IRS audits, audit consultation, accounting and payroll tax services, and analysis of trusts;

and shall provide each of those persons with a true, correct and complete copy of this order of permanent injunction.

- D. It is further **ORDERED** that pursuant to IRC §§ 7402, 7407 and 7408, Beale shall, within 11 days of the entry of this order on the Court's docket, produce to counsel for the United States all documents and other information in his possession, custody or control (to the extent he has not already done so) which identify:

1. All persons who purchased any partnership or other entity, investment plan or arrangement, including without limitation any trust, limited liability company, financial product, tax-savings plan or estate plan from Beale, or his representatives, agents, servants, employees, attorneys, or other persons acting in concert or participation with him at any time since October 1, 1997;
2. All persons who purchased any partnership or other entity, investment plan or arrangement, including without limitation any trust, limited liability company, financial product, tax-savings plan or estate plan, at any time since October 1, 1997 from any entity (including without limitation any corporation, partnership, limited partnership, limited liability company, proprietorship or other organization or association) in which or with whom Beale has had (a) any ownership interest, (b) any employment relationship, (c) any contractual arrangement, (d) or any other commercial or business affiliation;
3. All persons on whose behalf Beale, or his representatives, agents, servants, employees, attorneys, or other persons acting in concert or participation with him, prepared and/or assisted in the preparation of any federal or state income-tax returns or tax-related documents at any time since October 1, 1997; and
4. All persons who contacted Beale, his representatives, agents, servants, employees, attorneys, or other persons acting in concert or participation

with him, regarding the purchase of any partnership or other entity, investment plan or arrangement, including without limitation any trust, limited liability company, financial product, tax-savings plan or estate plan, at any time since October 1, 1997;

5. All persons to whom Beale, his representatives, agents, servants, employees, attorneys, or other persons acting in concert or participation with him provided tax compliance advice, tax preparation services, tax analysis for income tax liabilities, estate and income tax analysis, tax research, position papers for IRS audits, audit consultation, accounting and payroll tax services, and analysis of trusts.

E. It is further **ORDERED** that pursuant to IRC §§ 7402, 7407 and 7408, Beale shall post this Agreed Order of Permanent Injunction on his website ([www.cliftonbeale.com](http://www.cliftonbeale.com)) in 12-point type or larger, accessible from the website's home page under a heading or link which clearly identifies the order in 12-point type or larger, for a period of four months. Beale is permitted, however, to state on his website that he does not agree with the order, so long as his statements do not violate the other terms of this injunction, and so long as Beale does not make misleading statements about the order or its terms.

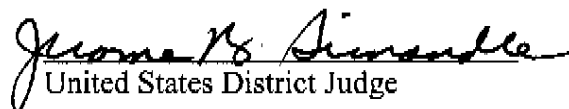
F. It is further **ORDERED** that pursuant to IRC §§ 7402, 7407 and 7408, Beale shall submit to a deposition under oath, so that the United States can make inquiries reasonably calculated to: (1) identify any persons to whom Beale gave or sold or otherwise provided, directly or indirectly, any documents or other

information related to trusts or limited liability companies that the defendants have sold or promoted since October 1, 1997; (2) identify any persons who assisted in the preparation or marketing of materials used by the defendants or by their representatives, agents, servants, employees, attorneys, or other persons acting in concert or participation with him since October 1, 1997, (3) identify all individuals or entities for whom the defendants, or their representatives, agents, servants, employees, attorneys, or other persons acting in concert or participation with them, have prepared or have assisted in the preparation of any tax-related documents, including claims for refund or tax returns since October 1, 1997, (4) identify all individuals or entities who purchased or used any other tax shelter, plan, or arrangement in which the defendants have been involved since October 1, 1997, (5) identify all persons to whom Beale, his representatives, agents, servants, employees, attorneys, or other persons acting in concert or participation with him provided tax compliance advice, tax preparation services, tax analysis for income tax liabilities, estate and income tax analysis, tax research, position papers for IRS audits, audit consultation, accounting and payroll tax services, and analysis of trusts, and (6) allow the United States to confirm that Beale's insurance-related business does not involve the organizing, marketing, sale or promotion of tax plans or arrangements.



G. It is further **ORDERED** that pursuant to IRC § 7407, Beale is enjoined from acting as an income-tax return-preparer.

Dated: February 4, 2004

  
United States District Judge

Submitted by:

CHRISTOPHER J. CHRISTIE  
United States Attorney



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