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13 Attorneys for the United States

14  
15 **IN THE UNITED STATES DISTRICT COURT**  
**FOR THE CENTRAL DISTRICT OF CALIFORNIA**  
16 **WESTERN DIVISION**

17 UNITED STATES OF AMERICA,

18 Plaintiff,

19  
20 STEPHEN DRAKE,  
individually and doing business as,  
21 BENECORP, LLC,

22 and

23 KENNETH SORENSON,  
individually and doing business as,  
24 BENECORP, LLC, and  
SORENSON & SORENSON, CPAS,

25 Defendants.

Civil No. 06-4831 FMC (VBKx)

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DOCKETED ON CM  
DEC - 6 2006  
BY *[Signature]* 004

**STIPULATED ORDER OF PERMANENT INJUNCTION**

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PLAINTIFF

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CENTRAL DISTRICT OF CALIFORNIA  
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*[Signature]*

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2 Plaintiff, the United States of America, has filed an amended complaint for  
3 permanent injunction against the defendant, Kenneth Sorenson ("Sorenson"), individually  
4 and doing business as Benecorp, LLC, and as an accountant for Sorenson & Sorenson,  
5 CPAs. Sorenson, without admitting any of the allegations in the complaint except as to  
6 jurisdiction, waives the entry of findings of fact and conclusions of law under Rule 52 of  
7 the Federal Rules of Civil Procedure and consents to the entry of this permanent injunction  
8 under 26 U.S.C. §§ 7402, 7407, and 7408. Sorenson further waives any right he may have  
9 to appeal from this permanent injunction. The parties agree that entry of this permanent  
10 injunction neither precludes the Internal Revenue Service from assessing penalties against  
11 Sorenson for asserted violations of the Internal Revenue Code nor precludes Sorenson  
12 from contesting any such penalties.

13 **NOW, THEREFORE,** it is accordingly **ORDERED, ADJUDGED AND**  
14 **DECREED** that:

15 1. The Court has jurisdiction over this action under 28 U.S.C. §§ 1340 and 1345 and  
16 under 26 U.S.C. §§ 7402, 7407, and 7408.

17 2. Sorenson, individually and doing business as Benecorp, LLC, and as an accountant  
18 for Sorenson & Sorenson, CPAs, and or any other entity, and his representatives, agents,  
19 servants, employees, and anyone in active concert or participation with him, are  
20 **ENJOINED**, pursuant to Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7402 and 7408  
21 from directly or indirectly:

22  
23 a) Promoting, recruiting for or selling the program engaged  
24 in by Benecorp, LLC with certain members of the Santa Ynez  
25 Band of Chumash Indians that involved setting up LLCs for  
26 Tribal Members (as more fully described in paragraphs 1  
through 5 of the amended complaint) (" the LLC Program"),  
or any substantially similar program;

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- b) Continuing to operate or implement the LLC Program in a manner in which the Tribal Members reduce their reported federal income taxes and increase their monthly cash flow from per capita distributions through the deduction of management or consulting fees paid to Benecorp LLC.
- c) Engaging in activity subject to penalty under I.R.C. § 6700, including organizing or selling a plan or arrangement and in connection therewith making or furnishing a statement regarding tax deductions, the excludability or deductibility of income, or the securing of any other tax benefit that he knows or has reason to know is false or fraudulent as to any material matter;
- d) Preparing or filing federal income tax returns, amended returns, or other related documents and forms for others based on the LLC Program;
- e) Assisting in the preparation of federal income tax returns or forms that he knows will, if used, result in understating other persons' federal tax liability;
- f) Engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6700 or 6701.
- g) Engaging in any other conduct that substantially interferes with the administration or enforcement of the internal revenue laws; and
- h) Misrepresenting the terms of this injunction to customers or prospective customers.

3. The amended complaint did not seek to enjoin the defendants from promoting the CapNet7 Tribal Deferred Income Plan offered through Benecorp and nothing in this order shall be construed to applying to, precluding or authorizing the sale, marketing or promotion of the CapNet7 Tribal Deferred Income Plan.

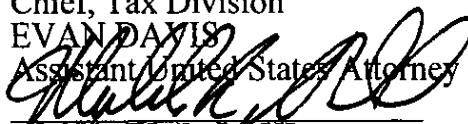
4. Sorenson shall mail a copy of this injunction to all LLC Program customers and participants, and to all other persons to whom he has sold a similar LLC Program within the last five years. Sorenson must mail the copies within ten days of the date of this Order and must file with the Court a sworn certificate stating that he has complied with this requirement. The mailings shall include a cover letter in a form either agreed to by

1 counsel for the United States or approved by the Court, and shall not include any other  
2 documents or enclosures.

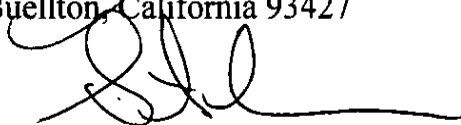
3 **IT IS FURTHER ORDERED** that the Court retains jurisdiction to enforce this  
4 injunction and the United States may engage in post-judgment discovery to monitor  
5 Sorenson's compliance with this injunction.

6 **SO ORDERED** this 4<sup>th</sup> day of December, 2006.

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9   
10 FLORENCE-MARIE COOPER  
UNITED STATES DISTRICT JUDGE

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