

**ORIGINAL**

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1 United States Attorney  
SANDRA BROWN  
2 Assistant United States Attorney  
Chief, Tax Division  
3 EVAN DAVIS (SBN pending)  
Assistant United States Attorney  
4 Federal Building, Room 7211  
300 North Los Angeles Street  
5 Los Angeles, California 90012  
Telephone: (213) 894-2400  
6 Facsimile: (213) 894-0115  
E-mail: [evan.davis@usdij.gov](mailto:evan.davis@usdij.gov)

7 MICHAEL R. PAUL  
8 MN Bar. No. 0234539  
MICHAEL J. ROESSNER  
9 N.J. Bar No. 016912000  
United States Department of Justice  
10 Post Office Box 7238  
Washington, D.C. 20044  
11 Telephone: (202) 514-6488  
Facsimile: (202) 514-6770  
12 E-mail: [michael.r.pahl@usdoj.gov](mailto:michael.r.pahl@usdoj.gov)  
E-mail: [michael.j.roessner@usdoj.gov](mailto:michael.j.roessner@usdoj.gov)

13 Attorneys for the United States

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

17 UNITED STATES OF AMERICA,

18 Plaintiff,

19 v.

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.  
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Civil No. 06-4831 FMC (VBKx)

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**STIPULATED ORDER OF PERMANENT INJUNCTION**

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

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

1. The Court has jurisdiction over this action under 28 U.S.C. §§ 1340 and 1345 and under 26 U.S.C. §§ 7402, 7407, and 7408.
2. Drake, individually and doing business as Benecorp, LLC, and or any other entity, and his representatives, agents, servants, employees, and anyone in active concert or participation with him, are **ENJOINED**, pursuant to Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7402 and 7408 from directly or indirectly:
  - a) Promoting, recruiting for or selling the program engaged in by Benecorp, LLC with certain members of the Santa Ynez of Band of Chumash Indians that involved setting up LLCs for Tribal Members (as more fully described in paragraphs 1 through 5 of the amended complaint) ("the LLC Program"), or any substantially similar program;
  - 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

1 flow from per capita distributions through the deduction of  
2 management or consulting fees paid to Benecorp LLC.

3 c) Engaging in activity subject to penalty under I.R.C. §  
4 6700, including organizing or selling a plan or arrangement  
5 and in connection therewith making or furnishing a statement  
6 regarding tax deductions, the excludability or deductibility of  
7 income, or the securing of any other tax benefit that he knows  
8 or has reason to know is false or fraudulent as to any material  
9 matter;

10 d) Engaging in any other activity subject to penalty under  
11 I.R.C. §§ 6700 or 6701.

12 e) Engaging in any other conduct that substantially  
13 interferes with the administration or enforcement of the  
14 internal revenue laws; and

15 f) Misrepresenting the terms of this injunction to  
16 customers or prospective customers.

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

21 4. Drake shall mail a copy of this injunction to all LLC Program customers and  
22 participants, and to all other persons to whom he has sold a similar LLC Program within  
23 the last five years. Drake must mail the copies within ten days of the date of this Order  
24 and must file with the Court a sworn certificate stating that he has complied with this  
25 requirement. The mailings shall include a cover letter in a form either agreed to by  
26 counsel for the United States or approved by the Court, and shall not include any other  
documents or enclosures.

**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  
Drake's compliance with this injunction.

**SO ORDERED** this \_\_\_ day of November, 2006.

IT IS SO ORDERED

DATED 12/5/06

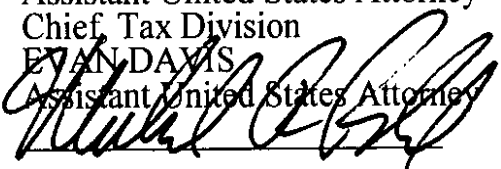
*Heretic Mero Cooper*

UNITED STATES DISTRICT JUDGE

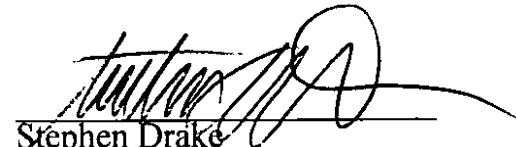
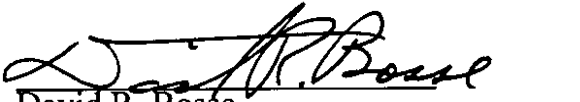
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FLORENCE MARIE COOPER  
UNITED STATES DISTRICT JUDGE

United States Attorney  
SANDRA BROWN  
Assistant United States Attorney  
Chief, Tax Division  
EVANDAYIS  
Assistant United States Attorney



MICHAEL R. PAHL  
Trial Attorney, Tax Division  
U.S. Department of Justice  
Post Office Box 7238  
Washington, D.C. 20044  
Tel.: (202) 514-6488

  
Stephen Drake  
2345 Oakwood Drive  
Prescott, Arizona 86305  
David R. Bosse  
Attorney for Stephen Drake  
Ryan Rapp & Underwood, P.L.C.  
3101 North Central Avenue, Suite 1500  
Phoenix, Arizona 85012