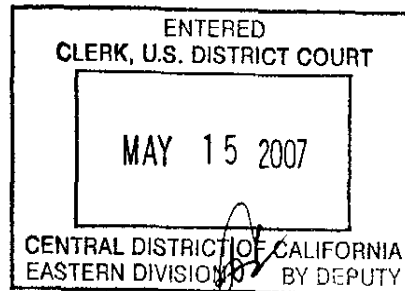
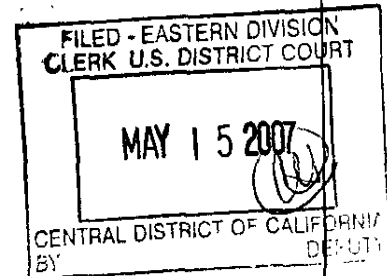


THIS CONSTITUTES NOTICE OF ENTRY  
AS REQUIRED BY FRCP, RULE 77(D).

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IN THE UNITED STATES DISTRICT COURT FOR THE  
CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES,

Plaintiff,

VS.

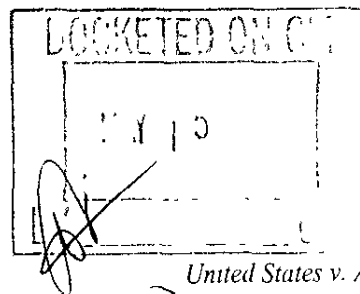
JOVITA ARCARO; *et al.*

Defendants.

ORDER GRANTING  
JUDGMENT BY DEFAULT

Case No. 5:06-cv-889 VAP-OPx

Hearing:  
Date: Mon., April 23, 2007  
Time: 10:00  
Location: Crt. 2, 3470 Twelfth  
Street, Riverside, CA 92501



ORDER  
2264232.2

United States v. Arcaro et al.

37

## **JUDGMENT BY DEFAULT AND PERMANENT INJUNCTION**

Upon motion by the United States of America, the Court makes the following findings of fact and conclusions of law and enters this permanent injunction against Defendants (1) Jovita Arcaro, (2) Ideal Management, Ltd. Limited Partnership, (3) Ideal Financial Partners, Ltd. a CA Limited Partnership, (4) Ideal Payroll Plus, Ltd. a California Limited Partnership, (5) Ideal Advisors, Ltd. a California Limited Partnership, (6) Ideal Payroll Plus II, Ltd. LP, (7) Onestone, Ltd. a California Limited Partnership, (8) Bluestone Management, Ltd. a California Limited Partnership, and (9) Hillstone Advisors, Ltd. a California Limited Partnership (Defendants 2 - 9 collectively "business defendants").

### **Standards for Granting Judgment By Default**

The entry of default judgment is committed to the sound discretion of a district court.<sup>1</sup> In exercising its discretion, Courts consider the factors outlined in *Eitel v. McCool*, 782 F.2d 1470 (9<sup>th</sup> Cir. 1986). The *Eitel* factors include: (1) the possibility of prejudice to the plaintiff; (2) the merits of plaintiff's substantive claim; (3) the sufficiency of the complaint; (4) the sum of money at stake in the action; (5) the possibility of a dispute concerning material facts; (6) whether the default was due to excusable neglect; and (7) the strong policy underlying the Federal Rules of Civil Procedure favoring decisions on the merits.<sup>2</sup>

In the Central District of California, applications for default judgment must set forth the following procedural information as well: (1) when and against which party the default was entered; (2) the identification of the pleading to which default was entered; (3) whether the defaulting party is an infant or incompetent

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<sup>1</sup> *Draper v. Coombs*, 792 F.2d 915, 924-25 (9<sup>th</sup> Cir. 1986); *Lau Ah Yew v. Dulles*, 236 F.2d 415, 416 (9<sup>th</sup> Cir. 1956).

<sup>2</sup> *Eitel v. McCool*, 782 F.2d 1470, 1471-72 (9<sup>th</sup> Cir. 1986).

1 person, and if so, whether that person is adequately represented; (4) that the  
 2 Service Members Civil Relief Act (50 U.S.C.S. Appx. §§ 501, et seq.) (SCRA)  
 3 (formerly the Soldiers' and Sailors' Civil Relief Act of 1940), does not apply; and  
 4 (5) that notice of the application has been served on the defaulting party, if  
 5 required.<sup>3</sup>

6 In this action, the United States is seeking injunctive relief rather than  
 7 money damages. Because Defendants have failed to answer the complaint, "the  
 8 factual allegations of the complaint, except those relating to the amount of  
 9 damages," are taken as true.<sup>4</sup> These factual allegations, when taken as true,  
 10 establish that Defendants are subject to injunction under I.R.C. §§ 7402 and 7408.

### 11 Findings of Fact

12 The facts as alleged in the Complaint, supported by the docket, or stated in  
 13 the declaration of Hilarie Snyder are as follows:

14 1. On August 14, 2006, the Government filed a complaint for injunctive  
 15 relief against Defendants (1) Jovita Arcaro, (2) Ideal Management, Ltd. Limited  
 16 Partnership, (3) Ideal Financial Partners, Ltd. a CA Limited Partnership, (4) Ideal  
 17 Payroll Plus, Ltd. a California Limited Partnership, (5) Ideal Advisors, Ltd. a  
 18 California Limited Partnership, (6) Ideal Payroll Plus II, Ltd. LP, (7) Onestone,  
 19 Ltd. a California Limited Partnership, (8) Bluestone Management, Ltd. a  
 20 California Limited Partnership, and (9) Hillstone Advisors, Ltd. a California  
 21 Limited Partnership (collectively, Defendants).

22  
 23  
 24 <sup>3</sup> L.R. 55-1. See also *Elektra Entm't Group, Inc. v. Crawford*, 226 F.R.D. 388,  
 392 (C.D. Cal. 2005).

25 <sup>4</sup> 10A Charles Alan Wright, Arthur R. Miller, & Mary Kay Kane, *Federal Practice*  
 26 *& Procedure* § 2688 (3d ed. 1998); *Benny v. Pipes*, 799 F.2d 489, 495 (9<sup>th</sup> Cir.  
 27 1986), *cert. denied*, 484 U.S. 870 (1987); *Geddes v. United Fin. Group*, 559 F.2d  
 557, 560 (9<sup>th</sup> Cir. 1977).

1           2. David Clancy, Jr. is also an individual defendant in this action. In  
2 response to the Government's Motion for Default Judgment, Clancy moved to set  
3 aside the Clerk's entry of default. The Court granted Clancy's motion, so Clancy,  
4 in his individual capacity, is not enjoined pursuant to this Judgment by Default  
5 and Permanent Injunction, and the term "Defendants" in this Judgment does not  
6 include Clancy.

7           3. The Complaint contained two causes of action, one based on I.R.C. §  
8 7408 and a second based on I.R.C. § 7402.

9           4. Defendants were served with the complaint on September 14, 2006, and,  
10 on October 13, 2006, the Government filed proofs of service with the Court.

11           5. In a stipulation filed jointly by the parties, Defendants acknowledged  
12 that service was proper and agreed to a November 14, 2006 deadline for filing a  
13 response to the complaint.

14           6. Defendants filed papers with the Court on November 14, 2006, but the  
15 Court rejected the filing on November 17, 2006.

16           7. To date, Defendants have not cured their deficient pleading or otherwise  
17 filed a response to the complaint.

18           8. On December 15, 2006 (docketed on December 28, 2006), the Clerk  
19 entered default against Defendants for their failure to answer the complaint. This  
20 Order was amended on January 10, 2007.

21           9. Defendants are neither infants nor incompetent persons, and the Service  
22 Members Civil Relief Act (50 U.S.C.S. Appx. §§ 501, et seq.) (SCRA) (formerly  
23 the Soldiers' and Sailors' Civil Relief Act of 1940), does not apply.

24           10. Notice of the Government's motion for default judgment was sent to the  
25 last known address of Defendants.

1 11. The Court heard oral argument on April 23, 2007 for the Government's  
2 Motion for Default Judgment.

3 12. Jovita Arcaro and David Clancy, Jr. attended the hearing.

4 *1. The Defendants*

5 13. The individual defendant Jovita Arcaro resides and does business in the  
6 Central District of California.

7 14. Clancy is the general partner for all of the business defendants, the  
8 chief executive officer of Ideal Financial Partners, and a consultant for the  
9 Onestone Financial Group.

10 15. Arcaro is the business planning division manager of Ideal Financial  
11 Partners and the executive director of Onestone Financial Group.

12 16. There are seven business defendants, all of which are limited  
13 partnerships doing business in the Central District of California.

14 17. Ideal Financial Partners includes four limited partnership defendants,  
15 Ideal Management, Ltd.; Ideal Financial Partners, Ltd.; Ideal Payroll Plus, Ltd.;  
16 Ideal Advisors, Ltd.; and Ideal Payroll Plus II, Ltd. LP.

17 18. Onestone Financial Group includes three limited partnership  
18 defendants, Onestone, Ltd.; Bluestone Management, Ltd.; and Hillstone Advisors,  
19 Ltd.

20 *2. The Abusive Schemes*

21 19. Beginning in 2001, Defendants began promoting two tax scams: (a) a  
22 payroll-tax scheme and (b) a trust scheme.

23 20. Arcaro promoted both schemes first through the Ideal Financial Partners  
24 defendants (2001-2003) and next through the Onestone Financial Group  
25 defendants (2003-present).

1           21. Additionally, Arcaro is currently promoting and selling the tax-fraud  
2 schemes through an entity called US Business Advisors.

3           22. If they are not enjoined, Defendants will continue to engage in § 6700  
4 penalty conduct in organizing and selling tax-fraud schemes.

5 a. Payroll Scheme

6           23. Defendants advertise themselves as either a Professional Employer  
7 Organization (Ideal Financial Partners) or an Administrative & Benefit Services  
8 Organization (Onestone Financial Group).

9           24. Defendants instruct their business customers about, and purport to  
10 assist customers with, employee payroll and withholding.

11           25. In their promotional materials, Defendants advertise that their "system"  
12 will help the business customers save on payroll tax and worker's compensation  
13 costs.

14           26. Defendants' "system," however, fraudulently disguises wage income in  
15 order to reduce reported wages and thereby reduce reported employment taxes.

16           27. Defendants instruct their business customers to split employees' wages  
17 or salaries into two portions.

18           28. Defendants instruct (and assist) their business customers to pay the first  
19 portion as wages, with appropriate withholding of federal income and employment  
20 taxes.

21           29. Defendants tell their customers to call the second portion of wages  
22 something other than Form W-2 wage income, and assist their business customers  
23 in disguising the second portion as something other than wages to avoid reporting  
24 that portion as wages subject to employment tax.

25           30. Defendants cause their business customers to pay the second portion by  
26 means of a different check than is used to pay the first portion, and typically route  
27



1 the second portion through the account of a sham trust or other entity before it is  
2 paid to the customers' employees.

3 31. In their promotional materials and in conferences with their customers,  
4 Defendants falsely tell their customers that because the second portion has been  
5 labeled something other than Form W-2 wage income, the customers need not  
6 withhold or pay federal employment taxes with respect to the second portion.

7 32. At the end of each year, Defendants issue (or help their customers to  
8 issue) a Form W-2 to each employee falsely reflecting only the first portion as  
9 wages paid for the year.

10 33. Similarly, at the end of each year Defendants also prepare and file with  
11 the federal government (or help their customers to prepare and file) W-2 and W-3  
12 forms reporting the same false wage information to the IRS and Social Security  
13 Administration.

14 34. And, at the end of each quarter, Defendants prepare and file with the  
15 IRS (or help their customers to prepare and file) a Form 941 federal employment  
16 tax return falsely reporting only the first portion as total wages paid for the  
17 quarter.

18 35. Defendants also issue (or help their customers to issue) a K-1 (an IRS  
19 form used to report a trust distribution) or other IRS form (such as Form 1099) to  
20 each employee reflecting the falsely characterized second portion.

21 36. Despite the labels and despite Defendants' contentions to the contrary,  
22 both portions are in fact wages (and not trust or other distributions) paid to the  
23 employees for performing work.

24 37. By fraudulently dividing employees' wages into two portions, and  
25 reporting and paying federal employment taxes only on the first portion,  
26  
27

1 Defendants and their customers report and pay less federal employment tax than is  
2 owed.

3 38. The Government is thus harmed by the amount of federal employment  
4 tax owed but unpaid, plus the costs of detecting and correcting the fraud.

5 39. The employees are harmed as well, because federal social security and  
6 Medicare benefits as well as state workers compensation benefits are tied to the  
7 amount of wage income an employee earned.

8 40. Thus, the employees will receive less government benefits than they are  
9 entitled to under the law.

10 41. Defendants know or have reason to know that they falsely misstate the  
11 tax consequences of their scheme.

12 42. The federal government has told them that their scheme understates  
13 wage income because simply labeling wages as something other than wages does  
14 not change the character of the payments as income subject to federal employment  
15 taxes.

16 43. Further, the State Compensation Insurance Fund has challenged  
17 Defendants' practices as well.

18 b. Sham-Trust Scheme

19 44. Defendants advertise themselves as financial and estate planners, and  
20 charge customers thousands of dollars for their services.

21 45. Defendants help customers set up and use sham trusts and sham limited  
22 partnerships to help customers evade their federal tax liabilities.

23 46. Defendants advise and assist customers to transfer all their personal and  
24 business assets to several entities, typically limited partnerships or trusts.



1           47. Defendants put the customer's business in one entity, the business's  
2 assets in a separate entity, and the customer's personal assets (such as a house or  
3 car) in still other entities.

4           48. Defendants then falsely advise customers, in promotional materials and  
5 in their meetings with customers, that these transfers increase the customers' tax  
6 basis in the transferred property to the property's market value.

7           49. Defendants also falsely advise customers that they can take depreciation  
8 and other deductions for personal home and living expenses.

9           50. The customer's use and enjoyment of the transferred property remains  
10 as it was before Defendants' scheme was implemented.

11           51. The trusts and limited partnerships that Defendants create for their  
12 customers are shams, and are devoid of economic substance.

13           52. Contrary to Defendants' assertions, customers cannot claim  
14 depreciation deductions for their homes or deduct their personal living expenses,  
15 and transferring property into a trust or limited partnership will not increase the  
16 customer's basis in the property.

17           53. Claiming these deductions on federal income tax returns materially and  
18 substantially understates customers' income tax liabilities.

19           54. Defendants know or have reason to know that this scheme misstates  
20 their customers' tax liabilities.

21           55. Courts have enjoined many such schemes, and a number of participants  
22 in and promoters of such schemes have been convicted of tax crimes based on  
23 their involvement with the schemes.

24           56. Moreover, the federal government has told Defendants that their trust  
25 scheme is illegal, and Michael Richmond, an Illinois resident from whom Clancy  
26  
27

1 received "training," was enjoined in December of 2002 from promoting a similar  
2 sham-trust scheme.

3 *3. Harm to the Government*

4 57. Defendants' schemes harm the Government by fraudulently reducing  
5 customers' reported tax liabilities.

6 58. Defendants' payroll scheme results in business customers  
7 underreporting and underpaying federal employment tax.

8 59. The trust scheme results in customers underreporting and underpaying  
9 income taxes.

10 60. The payroll-tax scheme has cost the Government approximately \$1.7  
11 million in employment taxes so far. Defendants have had approximately 50  
12 California business customers, including a Riverside transportation company, a  
13 Sacramento roofing company, a Palm Springs doctor's office, and a Palm Desert  
14 glass company.

15 61. The IRS has thus far identified approximately 35 customers of  
16 Defendants' trust scheme.

17 62. The IRS has not yet been able to determine the extent of the tax losses  
18 from this scheme.

19 63. The trust-scheme customers include residents of Huntington Beach,  
20 Torrance, Yucaipa, and Del Mar, California.

21 When appropriate, any finding of fact should also be construed as a  
22 conclusion of law.

## Conclusions of Law

64. The Court finds that the *Eitel* factors weigh in favor of granting the Government's motion for default judgment.<sup>5</sup>

65. Further, the Court finds that the requirements in Local Rule 55-1 and Federal Rule of Civil Procedure 55(b) have been met.

66. Internal Revenue Code (26 U.S.C.; I.R.C.) § 7408 authorizes a court to enjoin a person who has engaged in any conduct subject to penalty under I.R.C. § 6700 from further engaging in such conduct if the court finds that injunctive relief is appropriate to prevent the recurrence of such conduct.

67. Because § 7408 sets forth specific criteria for injunctive relief, the United States need only meet those statutory criteria, without reference to traditional equitable factors, for the Court to issue an injunction under this section.<sup>6</sup>

68. A person violates § 6700 if he organizes or participates in the sale of a plan or arrangement and in connection therewith makes or furnishes (or causes another to make or furnish) a statement with respect to the allowability of any deduction or credit, the excludability of any income, or the securing of any tax benefit by reason of participating in the plan or arrangement which that person knows or has reason to know is false or fraudulent as to any material matter.

69. Arcaro and the business defendants organized and sold tax-fraud schemes that falsely promised tax benefits to customers. In organizing and selling these schemes, Defendants made false or fraudulent statements regarding the tax benefits of participating in the schemes. Defendants knew or had reason to know

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<sup>5</sup> *Eitel v. McCool*, 782 F.2d 1470, 1471-72 (9<sup>th</sup> Cir. 1986).

<sup>6</sup> *United States v. Estate Pres. Servs.*, 202 F.3d 1093, 1098 (9<sup>th</sup> Cir. 2000) ("The traditional requirements for equitable relief need not be satisfied since Section 7408 expressly authorizes the issuance of an injunction.").

1 that these statements were false or fraudulent within the meaning of I.R.C. § 6700.  
2 And, unless they are enjoined, Defendants will continue to promote these schemes.

3 70. Pursuant to I.R.C. § 7408, the Court will enjoin Defendants from  
4 further engaging in conduct subject to penalty under I.R.C. § 6700.

5 71. Section 7402(a) grants federal district courts broad authority to issue  
6 injunctions to enforce the internal revenue laws.

7 72. Because § 7402(a) expressly provides that the injunction remedy is “in  
8 addition to and not exclusive of” other remedies, the United States need not  
9 establish that it has no adequate remedy at law. Rather, § 7402(a) manifests “a  
10 congressional intention to provide the district courts with a full arsenal of powers  
11 to compel compliance with the internal revenue laws,”<sup>7</sup> and “has been used to  
12 enjoin interference with tax enforcement even when such interference does not  
13 violate any particular tax statute.”<sup>8</sup>

14 73. Thus, to obtain an injunction under § 7402(a), the United States need  
15 only show that an injunction is necessary or appropriate for the enforcement of the  
16 internal revenue laws. Nonetheless, the traditional equitable standards for  
17 granting a permanent injunction are also met here. In the Ninth Circuit, the  
18 requirements for the issuance of a permanent injunction are (1) the likelihood of  
19 substantial and immediate irreparable injury, and (2) the inadequacy of remedies at  
20 law.<sup>9</sup>

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21  
22 <sup>7</sup> *Brody v. United States*, 243 F.2d 378, 384 (1st Cir.), *cert. denied*, 354 U.S. 923  
23 (1957).

24 <sup>8</sup> *United States v. Ernst & Whinney*, 735 F.2d 1296, 1300 (11th Cir. 1984), *cert.*  
25 *denied*, 470 U.S. 1050 (1985) (citations omitted).

26 <sup>9</sup> *See G.C. & K.B. Invs., Inc. v. Wilson*, 326 F.3d 1096, 1107 (9<sup>th</sup> Cir. 2003);  
27 *LaDuke v. Nelson*, 762 F.2d 1318, 1330 (9<sup>th</sup> Cir. 1985).

1        74. Defendants are interfering with the administration of the internal  
 2 revenue laws by organizing the payroll scheme and the sham-trust scheme in  
 3 violation of I.R.C. § 6700. Additionally, if this injunction is not issued the  
 4 Government and Defendants' customers will continue to suffer injury for which  
 5 there is no other adequate remedy. Thus, an injunction is both necessary and  
 6 appropriate to prevent Defendants from causing further harm to their customers  
 7 and the U.S. Treasury.

8        75. In addition to barring Defendants from continuing to violate § 6700, the  
 9 Court will order them (1) to provide their customers with a copy of the injunction  
 10 order, (2) to produce records in their possession that identify persons that have  
 11 purchased their tax schemes, (3) to stop promoting or selling trusts or limited  
 12 partnership or advising anybody for compensation about the creation of a trust or  
 13 limited partnership, and (4) to stop advising anyone for compensation about  
 14 federal income, employment, or unemployment taxes. Additionally, the Court will  
 15 allow the United States to conduct discovery to monitor Defendants' compliance  
 16 with the injunction. This affirmative relief is authorized by I.R.C. § 7402(a),  
 17 which grants this Court broad authority to fashion relief to prevent interference  
 18 with the internal revenue laws.<sup>10</sup>

19        76. The additional relief requested by the Government serves the public  
 20 interest and will prevent additional interference with the tax laws.

21        77. The second and third *Eitel* factors weigh heavily in favor of the  
 22 Government. The Complaint sufficiently states a cause of action upon which

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 24        <sup>10</sup> *United States v. First Nat'l City Bank*, 379 U.S. 378, 383-84 (1965) (“[O]ur  
 25 review of the [temporary] injunction as an exercise of the equity power granted by  
 26 [§ 7402(a)] must be in light of the public interest involved: ‘Courts of equity may,  
 27 and frequently do, go much farther both to give and withhold relief in furtherance  
 of the public interest than they are accustomed to go when only private interests  
 are involved.’”) (quoting *Virginian Ry. Co. v. Sys. Fed’n No. 40*, 300 U.S. 515,  
 552 (1937)).

1 relief can be granted and the substance of the Government's position establishes a  
2 violation of the Internal Revenue Code and the need for injunctive relief.

3 78. The first *Eitel* factor weighs in favor of the Government as well. The  
4 Government would suffer prejudice if the default judgment is not entered because  
5 it would be denied the right to resolution of its claims, and would be without  
6 recourse for recovery. Further, without an injunction, Defendants will continue to  
7 promote their tax-fraud schemes, thereby, continuing to harm the Government and  
8 Defendants' customers.

9 79. The fourth *Eitel* factor weighs in favor of the Government. The  
10 Government is seeking injunctive relief and not monetary damages. This  
11 injunctive relief is consistent with I.R.C. §§ 7408 and 7402.

12 78. The fifth *Eitel* factor weighs in favor of the Government. All  
13 allegations in the Government's well-pled complaint are taken as true after the  
14 Clerk enters default judgment, so there is no likelihood that any genuine issues of  
15 material fact exist.

16 81. The sixth *Eitel* factor weighs in favor of the Government as  
17 Defendants' default is not due to excusable neglect.

18 82. The seventh *Eitel* factor weighs in favor of the Government because  
19 Defendants' failure to answer the complaint makes a decision on the merits  
20 impractical if not impossible and, under Fed. R. Civ. P. 55(a), termination of a  
21 case before hearing the merits is allowed in cases such as this when a defendant  
22 fails to defend an action.

### 23 **PERMANENT INJUNCTION ORDER**

24 This Court finds the United States has presented sufficient evidence to  
25 obtain a judgement by default based on the factual findings listed above.

26 THEREFORE, the Court GRANTS the United States' Motion for Default



Judgment as to Jovita Arcaro and the business defendants, and ORDERS, pursuant to I.R.C. §§ 7408 and 7402, that:

1. Jovita Arcaro and the business defendants (Ideal Management, Ltd. Limited Partnership; Ideal Financial Partners, Ltd. a CA Limited Partnership; Ideal Payroll Plus, Ltd. a California Limited Partnership; Ideal Advisors, Ltd. a California Limited Partnership; Ideal Payroll Plus II, Ltd. LP; Onestone, Ltd. a California Limited Partnership; Bluestone Management, Ltd. a California Limited Partnership; and Hillstone Advisors, Ltd. a California Limited Partnership) have engaged in conduct subject to penalty under I.R.C. § 6700, and that injunctive relief under I.R.C. § 7408 is appropriate to prevent a recurrence of that conduct;

2. Arcaro and the business defendants, and their representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with them, are prohibited from directly or indirectly:

- a. Engaging in conduct subject to penalty under 26 U.S.C. § 6700, including making, in connection with the organization or sale of any plan or arrangement, a statement about the tax benefits of participating in the plan or arrangement that defendants know or have reason to know is false or fraudulent as to any material matter;
- b. Engaging in any other conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws; and
- c. promoting the payroll scheme and the sham-trust scheme described in the findings of fact section.

Additionally, the Court ORDERS, pursuant to I.R.C. § 7402, that:

3. Arcaro is required to contact by mail (and also by e-mail, if an address is known) all customers who purchased either the payroll scheme or the sham-trust scheme, as well as all employees of customers that used the payroll scheme, and send them a copy of this Judgment by Default and Permanent Injunction;

4. Arcaro and the business defendants are required to produce to the United States any records in their possession or to which they have access, identifying the



1 persons who have purchased the payroll scheme and/or the sham-trust scheme  
2 (whether purchased either directly from Defendants or from their associates or  
3 their related entities);

4 5. Defendants are required to certify to the Court within thirty days of entry  
5 of this Order that they have complied with the provisions in paragraphs three and  
6 four of this Permanent Injunction Order;

7 6. Arcaro and the business defendants are prohibited from promoting or  
8 selling a trust or limited partnership, or advising anyone for compensation about  
9 the creation of a trust or limited partnership;


10 7. Arcaro and the business defendants are prohibited from advising anyone  
11 for compensation about federal income, employment, or unemployment taxes; and

12 8. The United States is permitted to engage in post-judgment discovery to  
13 ensure compliance with the permanent injunction.

14  
15  
16 Date: May 12 2007

Virginia A. Phillips  
VIRGINIA A. PHILLIPS  
United States District Judge

1 Prepared By:  
2 GEORGE S. CARDONA  
3 United States Attorney  
4 SANDRA R. BROWN  
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19 Attorneys for United States  
20  
21  
22  
23  
24  
25  
26  
27

**CERTIFICATE OF SERVICE**

I hereby certify, on this 1<sup>st</sup> day of May, 2007, that a copy of the amended Proposed Order was mailed, first-class, postage prepaid to

Jovita Arcaro  
9650 Business Center Drive,  
Suite 134  
Rancho Cucamonga, CA 91730  
Individual Defendant

J. Michael Clancy  
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9650 Business Center Dr.  
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Rancho Cucamonga, CA 91730  
Registered Agent for Ideal Payroll Plus, Ltd.

Jovita Arcaro  
8963 Westbrook Ct.  
Rancho Cucamonga, CA 91730-2405

David Clancy, Jr.  
16372 Garo Street  
Hacienda Heights, CA 91745  
Individual Defendant and General  
Partner of all of the Limited  
Partnership Defendants, as well as  
Registered Agent for 7 of the Limited  
Partnership Defendants

  
Hilarie Snyder