

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO
Judge Walker D. Miller

Civil Action No. 04-WM-0610 (MJW)

UNITED STATES OF AMERICA,,

Plaintiff,

v.

THOMAS S. CHAPIN and CHARLENE G. CHAPIN,

Defendants.

FILED
UNITED STATES DISTRICT COURT
DENVER, COLORADO

OCT 07 2004

GREGORY C. LANGHAM
CLERK

ORDER AND PERMANENT INJUNCTION BASED ON STIPULATION

Miller, J.

This matter is before me on the Final Judgment of Permanent Injunction, stipulated to and tendered by the parties. On September 10, 2004, Magistrate Judge Watanabe held a hearing on the parties' settlement agreement, and the parties represented that the stipulated judgment is to encompass all disputes between them, including any claims asserted by Defendants in their August 13, 2004 "Verified Cross-Complaint and Amended Answers to Plaintiff [sic] Complaint."

Accordingly, I find, conclude and order as follows:

1. I have jurisdiction over this matter pursuant to 28 U.S.C. §§ 1340 & 1345 and 26 U.S.C. §§ 7402 & 7408.
2. Plaintiff has alleged that organizing, promoting, or selling "corporation sole" and "claim of right" tax programs is conduct subject to penalty under 26 U.S.C. §§ 6700

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& 6701. While not admitting that they have engaged in conduct violating these sections, Defendants have consented to entry of judgment providing injunctive relief, pursuant to 26 U.S.C. §§ 7402 & 7408, enjoining them from conduct subject to penalty under §§ 6700 & 6701, including organizing, promoting, or selling the “corporation sole” or “claim of right” tax programs.

3. As a consequence, Defendants, individually and doing business as or through any other entity, and anyone acting in concert with either Defendant, are permanently enjoined and restrained from, directly or indirectly, by use of any means or instrumentalities:

- a. Organizing, promoting, marketing, or selling any tax shelter, plan, or arrangement that advises, encourages, or assists taxpayers to attempt to violate the internal revenue laws or unlawfully evade the assessment or collection of their federal tax liabilities, including through the “corporation sole and “claim of right” programs;
- b. Making false statements 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 shelters, plans or arrangements, including the “corporation sole” and “claim of right” programs;
- c. Encouraging, instructing, advising or assisting others to violate the federal tax laws, including to evade the payment of taxes;
- d. Engaging in conduct subject to penalty under 26 U.S.C. § 6700; i.e., by making or furnishing, in connection with the organization or sale of a

shelter, plan, or arrangement, a statement the Defendant knows or has reason to know to be false or fraudulent as to any material matter under the federal tax laws;

- e. Engaging in conduct subject to penalty under 26 U.S.C. § 6701; i.e., preparing or assisting others in the preparation of any tax forms or other documents to be used in connection with any material matter arising under the internal revenue laws and which the Defendant knows will (if so used) result in the understatement of tax liability; and
- f. Engaging in any conduct that interferes with the administration and enforcement of the internal revenue laws by the Internal Revenue Service.

4. Defendants shall produce to the United States from records in their possession or control, the names and addresses of all persons to whom either of them has sold, directly or indirectly, the "corporation sole" or "claim of right" programs and shall file with the Court within 20 days of the date of this order a certification that they have done so.

5. Defendants shall notify all persons to whom either of them has sold, directly or indirectly, the "corporation sole" or "claim of right" programs of this injunction order, and shall file with the Court within 20 days of the date of this order a certification that they have done so.

6. Defendants shall instruct Freedom & Privacy Committee to remove Defendants' names from any Freedom & Privacy Committee website and to remove all references to the "corporation sole" and "claim of right" programs from

www.freedomcommittee.com/5582/5582, and shall file with the Court within 20 days of the date of this order a certification that they have done so.

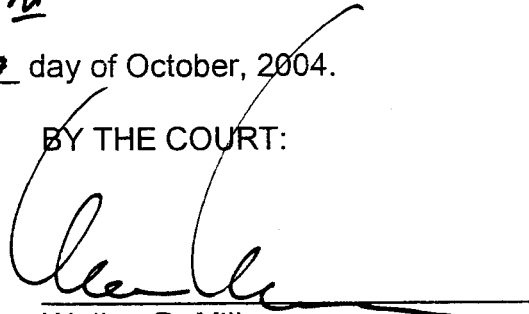
7. The United States shall be permitted to engage in post-judgment discovery to ensure compliance with this permanent injunction.

8. The Court retains jurisdiction for purposes of enforcing the parties' stipulation.

9. The case is otherwise dismissed with each party is to bear its own costs and expenses.

DATED at Denver, Colorado, this 16th day of October, 2004.

BY THE COURT:

A handwritten signature in black ink, appearing to read 'Walker D. Miller', is written over a horizontal line.

Walker D. Miller
United States District Judge