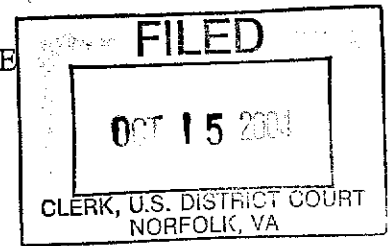


IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
NORFOLK DIVISION



UNITED STATES OF AMERICA,

Plaintiff,

v.

RONALD M. GREEN, d/b/a
PEOPLES RIGHTS TRUSTED TAX
SERVICES and ECONOMIC
EMPOWERMENT FOR ALL PEOPLE,

Defendant.

Civil No. 2:04-CV-329

AGREED ORDER OF PERMANENT INJUNCTION

Defendant Ronald M. Green and Plaintiff, the United States of America, have agreed to the terms of a permanent injunction in this case. Through his undersigned counsel, Defendant knowingly and voluntarily consents to the entry of a permanent injunction against him on the terms set forth below. Defendant also knowingly and voluntarily waives any right to appeal this Agreed Order of Permanent Injunction.

Upon the consent of both parties, the Court makes the following findings of fact and conclusions of law and enters this permanent injunction against Ronald M. Green, doing business as Peoples Rights Trusted Tax Services and Economic Empowerment for All People.

Findings of Fact

1. Ronald M. Green resides at 5544 Barnhollow Road, Norfolk, Virginia. He does business under the names Peoples Rights Trusted Tax Services and Economic Empowerment for All People.

2. Green prepares fraudulent federal tax returns for customers.

3. For some customers, Green improperly reports the customer's income on an IRS Form 1041, U.S. Income Tax Return for Estates and Trusts, instead of a Form 1040, U.S. Individual Income Tax Return, as if the customer's income belongs to a trust, and deducts non-deductible expenses to reduce or eliminate the income and claim a refund.

4. For others, Green reports the customer's income on a Form 1040, but improperly deducts trust-related expenses and other non-deductible expenses to reduce or eliminate the customer's income and to claim a refund.

5. Green also prepares IRS Forms 2555, Foreign Earned Income, falsely reporting on the Form 2555 that the customer spent the entire tax year living outside the United States and that his or her income is therefore excludible on Form 1040.

6. A Form 1041 is not the proper vehicle for reporting individual income; rather, individuals are required to report their income on Form 1040.

7. The trusts that are the subject of Green's returns either do not exist or lack economic substance and are shams. Green's customers retain complete control over the assets purportedly belonging to the trusts. The only function of these sham trusts is to improperly reduce or eliminate the customer's federal income tax liability.

8. The deductions Green claims on the returns he prepares include such non-deductible personal expenses as cable television bills, cellular telephone bills, clothing, food, car payments, gas, and entertainment.

9. Green attended a seminar conducted by Trust Educational Services (TES), also known as National Trust Services (NTS), in Lancaster, Pennsylvania.

10. Through seminars, called "Trust Academies," conducted nationwide, TES promoted an abusive trust scheme that advocated using sham trusts, Forms 1041, and non-deductible personal expenses to reduce or eliminate income. TES and one of its founders, Roderick A. Prescott, have been permanently enjoined from organizing, promoting, marketing, or selling their abusive trust scheme. (*United States v. Roderick A. Prescott and Trust Educational Services (TES)*, Civil No. 02-CV-0692 (S.D. Cal.)).

11. Several of Green's customers also attended TES's Trust Academies and purchased purported trust instruments from TES. They then hired Green to prepare returns for their TES-created trusts, which are sham trusts lacking in economic substance.

12. The IRS has identified 87 Forms 1041 and 224 Forms 1040 prepared by Green from 1999 to the present.

13. The IRS has examined returns Green prepared for twelve customers. All of these returns contain significant errors, such as inflated deductions and deductions for personal, non-deductible expenses; the use of a Form 1041 to report individual income; and the use of a Form 2555 to falsely claim that the customer resides outside the United States.

14. The IRS has identified a tax loss of \$744,679, excluding penalties and interest, attributable to the returns Green prepared for these twelve customers.

15. In addition, the IRS erroneously issued refunds totaling \$979,135.86 based on the fraudulent returns Green prepared. This amount includes \$12,914 in refunds issued to Green's wife Pamela Green and \$3,770 issued to Green. It also includes two refund checks, totaling \$962,451.86, issued in September 2003 and January 2004; the IRS recovered one of those checks, for \$240,964, before it was cashed.

16. The majority of Green's customers reside in Tidewater—in Norfolk, Virginia Beach, Portsmouth, and Chesapeake. He also has customers in New York, Arizona, Maryland, Alabama, Pennsylvania, California, South Carolina, and Texas.

17. Green charges customers up to \$1,795 for each return he prepares, plus 10% of any refund, credit, or taxes saved.

18. When their returns are selected for examination, Green advises his customers not to cooperate with the IRS.

19. Green requires some customers to execute a contract agreeing not to disclose any aspect of Green's return preparation service. The contract states that if the customer discloses the contract to anyone, he or she will be liable to Green for "\$1,000,000 dollars plus withholding taxes in gold currency"

20. Green's customers have refused to cooperate with IRS examinations, have failed to appear at scheduled appointments with the IRS, and have refused IRS requests for documents.

21. Green obstructs IRS examinations of the returns he prepares by refusing to provide information to the IRS and by sending frivolous letters to the IRS challenging its authority.

22. On at least one occasion, Green tried to intimidate IRS personnel.

23. At a September 24, 2002 meeting, IRS Revenue Agent Rick Cook informed Green that trust returns were not the proper vehicle for reporting individual income and that the law requires individuals to file Forms 1040.

24. The United States filed suit, *United States v. Ronald M. Green*, Case No. 2:03-cv-463, in this Court on July 1, 2003, to recover the erroneous refunds issued to Green; on January 7, 2004, the Honorable Jerome B. Friedman entered default judgment in favor of the United States for the erroneous refunds.

25. The United States filed suit, *United States v. Pamela Green*, in this Court on April 17, 2003 to recover the erroneous refunds issued to Pamela Green; on March 15, 2004, the parties entered into a consent judgment in favor of the United States.

Conclusions of Law

Based on the foregoing findings of fact and upon the consent of both parties, the Court finds that Green is engaging in conduct subject to penalty under 26 U.S.C. (I.R.C.) §§ 6694 and 6701 and is interfering with the administration of the internal revenue laws. The Court further finds that, absent an injunction, Green is likely to continue preparing fraudulent federal tax returns and interfering with the IRS. Green's contract purporting to hold his customers liable to him should they disclose his tax return preparation service and other activities violates public policy and is null and void. Accordingly, the Court finds that Green should be permanently enjoined under I.R.C. §§ 7407, 7408, and 7402(a).

Order

Based on the foregoing findings, the Court ORDERS:

A. That, pursuant to I.R.C. § 7407, Green is permanently enjoined from preparing federal income tax returns;

B. That, pursuant to I.R.C. §§ 7402(a) and 7408, Green, individually and doing business under any other name or using any other entity, and his representatives, agents, servants,

employees, attorneys, and those persons in active concert or participation with him, are permanently enjoined from directly or indirectly:

1. Preparing and/or assisting in the preparation of a document related to a matter material to the internal revenue laws, including federal tax returns and related documents, that includes a position that he knows or has reason to know will, if used, result in an understatement of tax liability;
2. Advocating or promoting the use of Form 2555 when the individual has no foreign earned income;
3. Advocating or promoting the use of Form 1041 to report individual income;
4. Advocating or promoting the use of sham trusts to reduce federal income tax;
5. Engaging in any other activity subject to penalty under I.R.C. § 6701;
6. Entering into a contract which purports to restrict any person from openly discussing Green's return preparation service and related activities;
7. Attempting to enforce, through a law suit or other means, any contract that purports to restrict any person from openly discussing Green's return preparation service and related activities;
8. Engaging in other conduct interfering with the enforcement of the internal revenue laws;
9. Corresponding with the IRS on behalf of any other person; and
10. Representing any other person or appearing with any other person, except in regard to Green's own tax liability, before the IRS; and

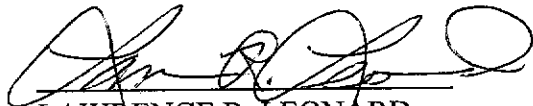
C. That the United States is permitted to conduct discovery to monitor Green's compliance with this permanent injunction.

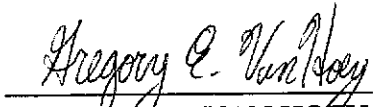
SO ORDERED this 15th day of October, 2004.


HENRY C. MORGAN, JR.
United States District Judge

Agreed:

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