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UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA

Plaintiff,

v.

JAMES A. MATTATALL

Defendant.

Civil No. LACV03-7016 DDP (PJWx)

[PROPOSED] INJUNCTION

INJUNCTION

Upon motion for default judgment by Plaintiff, the United States of America, the Court makes the following findings of fact and conclusions of law and enters this injunction.

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Standards for Injunction

To obtain an injunction under 26 U.S.C. (IRC) § 7408, the United States must show that Defendant James A. Mattatall engaged in conduct subject to penalty under §§ 6700 or 6701, and that injunctive relief is appropriate to prevent the recurrence of such conduct. To obtain an injunction under IRC § 7407, the United States must show that Defendant James A. Mattatall engaged in conduct subject to penalty under §§ 6694 or 6695, or engaged in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws, and that injunctive relief is appropriate to prevent the recurrence of such conduct. To obtain an injunction under IRC § 7402, the United States must show that Defendant James A. Mattatall engaged in conduct that interferes with the administration and enforcement of the Internal Revenue laws, and that injunctive relief is appropriate to prevent the recurrence of such conduct pursuant to the Court's inherent equity powers.

Factual Findings

Based on the evidence and argument by the parties, the Court finds as follows:

1. Defendant James A. Mattatall promotes and organizes an abusive tax shelter, plan or arrangement, recommending the misuse of business and family trusts, and advise customers to claim unallowable federal tax benefits.
2. Defendant James A. Mattatall prepared returns for his trust customers claiming unallowable deductions and resulting in substantial understatements. Mr. Mattatall charged fees for his

services.

3. Defendant James A. Mattatall prepared returns for others claiming unallowable deductions and resulting in understatements of tax liabilities. Mr. Mattatall charged fees for his services.
4. Defendant James A. Mattatall attempts to delay and obstruct the IRS examination of others' tax liabilities by refusing to produce information of taxpayers for whom he prepared tax returns and by counseling his clients not assert frivolous arguments.
5. Absent this injunction, Defendant James A. Mattatall will continue to promote his abusive tax scheme, and will continue to prepare federal income tax returns based upon that scheme, and will continue to delay the IRS examination of others' tax liabilities.
6. If this injunction is not granted, the United States will suffer irreparable harm because the defendants' conduct is causing and will continue to cause substantial revenue losses to the United States Treasury. The IRS will have to devote substantial time and resources simply to detect future customers' returns, and may be unable to detect all of them. Further, considerable IRS resources are spent reviewing and dealing with these returns. This injunction will prevent the expenditure of some of those resources.
7. Defendant James A. Mattatall's apparent positions regarding tax deductions and the use of trusts are meritless. The Government, therefore, will likely prevail on the merits.

1 8. The injury to the United States caused by Richmond and
2 Black's conduct outweighs any injury an injunction might
3 cause.

4 9. The public is served by granting this injunction.
5

6 **Conclusions of Law**

7 Based on the evidence presented in this case, the Court finds that
8 Defendant James A. Mattatall engaged in conduct subject to penalty under
9 IRC §§ 6700 and 6701 and that injunctive relief under IRC § 7408 is
10 appropriate to prevent the recurrence of that conduct. The Court also finds
11 that Defendant James A. Mattatall engaged in conduct subject to penalty
12 under IRC § 6694, and engaged in other fraudulent or deceptive conduct
13 which substantially interferes with the proper administration of the Internal
14 Revenue laws and that injunctive relief under IRC § 7408 is appropriate to
15 prevent the recurrence of that conduct. The Court further finds that
16 Defendant James A. Mattatall engaged in conduct with interferes with the
17 administration and enforcement of the Internal Revenue laws and that
18 injunctive relief is appropriate to prevent the recurrence of such conduct
19 under the Court's inherent equity powers as provided in IRC § 7402(a).

20 **Order**

21 Following the above Findings of Fact and Conclusions of Law, it is
22 hereby

23 ORDERED that Defendant James A. Mattatall is restrained and
24 enjoined from directly or indirectly:

- 25 a. Organizing or selling abusive tax shelters, plans, or programs
26 that advise or encourage taxpayers to attempt to evade the
27 assessment or collection of their correct federal tax;
28

3 CONTINUED

- b. Instructing others to promote or sell abusive tax shelters, plans, or programs;
- c. Making false statements about the allowability of any deduction or credit, the excludability of any income, or the securing of any other tax benefit by the reason of participating in such tax shelters, plans, or programs;
- d. Instructing or advising taxpayers to understate their federal income tax liabilities;
- e. Further acting as return preparers or assisting in or directing the preparation of federal tax returns which knowingly will result in the understatement of any tax liability;
- f. Further engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6700 or 6701 or injunction under IRC §§ 7408, 7407 or 7402; and
- g. Engaging in other similar conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws.

It is further

ORDERED, that Defendant James A. Mattatall provide within 10 days a complete list of his clients (including names, addresses, phone numbers, and social security numbers or employer identification numbers) who have purchased trusts plans from him, for whom he has created one or more trust, or for whom he has performed trustee services; it is further

ORDERED, that Defendant James A. Mattatall is required to mail a copy of this Court's Order of Injunction to

- a. All persons for whom the defendants prepared federal income tax returns or any other federal tax forms from January 1, 2000,

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to the present; and

b. All persons who purchased trust packages from him (or his agents or designees).

c. All persons whom he is currently acting in a representative capacity before the Internal Revenue Service.

SO ORDERED this 5th day of APRIL, 2004, at 10:15, A.m.



DEAN D. PREGERSON
United States District Judge

Prepared by:



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1 USA vs. James A. Mattatall
2 Case No. LA CV 03-7016 DDP(PJWx)

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