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FILED
UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA,) 2002 JUL -8 A 10: 18
)
Plaintiff,) U.S. DISTRICT COURT
) DISTRICT OF MASS.
)
v.) Civil No. 02-CV-10673
)
KEVIN P. MAHONEY, d/b/a THE LIBERTY)
NETWORK, LIBERTY ESTATE PLANNING,)
ASSOCIATION FOR CERTIFIED ESTATE)
PLANNING ATTORNEYS, CITADEL GROUP,)
and CORNERSTONE FINANCIAL GROUP,)
)
Defendant.)

**DEFAULT JUDGMENT OF
PERMANENT INJUNCTION**

This action comes before the Court upon the entry of default by the clerk on June 20, 2002, and the plaintiff's motion for entry of judgment under Rule 55(b)(2) of the Federal Rules of Civil Procedure, supported by a declaration demonstrating that defendant is not an infant or incompetent person or in the military. Accordingly, judgment is hereby entered in favor of the plaintiff, United States of America, and against defendant Kevin P. Mahoney, d/b/a The Liberty Network, Liberty Estate Planning, Association for Certified Estate Planning Attorneys, Citadel Group and Cornerstone Financial Group.

The Court finds that defendant Mahoney, d/b/a The Liberty Network, *et al.*, engaged in conduct subject to penalty under 26 U.S.C. §§ 6700 and 6701, and that injunctive relief is appropriate under 26 U.S.C. § 7408 to prevent the defendant and anyone acting in concert with him from engaging in further such conduct. The Court further finds that defendant Mahoney, d/b/a The Liberty Network, *et al.*, engaged in conduct that interferes with the enforcement of the internal revenue laws, and that injunctive relief is appropriate pursuant to the Court's inherent

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equity powers and 26 U.S.C. § 7402(a) to prevent the recurrence of that conduct. It is further

ORDERED, ADJUDGED AND DECREED that Kevin P. Mahoney, d/b/a The Liberty Network, *et al.*, and all those acting in concert with him, are restrained and enjoined under 26 U.S.C. §§ 7402 and 7408 from directly or indirectly:

- a. Organizing, promoting, marketing, or selling his "Pass-Through Technology" programs, "Constitutional" and "Pure" trust programs, "Contract Business Trust" and "Family Estate Trust" programs, and any other abusive tax shelter, plan or arrangement that incites taxpayers to attempt to violate the internal revenue laws or unlawfully evade the assessment or collection of their federal income taxes;
- b. Inciting other individuals and entities to understate their federal tax liabilities, avoid the filing of federal tax returns, or avoid paying federal taxes;
- c. Further engaging in any conduct subject to penalty under 26 U.S.C. § 6700, *i.e.*, making or furnishing, in connection with the organization or sale of an abusive shelter, plan or arrangement, a statement the defendant knows or has reason to know is false or fraudulent as to any material matter;
- d. Further engaging in any conduct subject to penalty under 26 U.S.C. § 6701, *i.e.*, assisting others in the preparation of any tax forms or other documents to be filed with the Internal Revenue Service that the defendant knows, if so filed, will result in the understatement of income tax liability; and
- e. Further engaging in any conduct that interferes with the administration and enforcement of the internal revenue laws.

It is further ORDERED, ADJUDGED AND DECREED that defendant Mahoney provide to the United States any records in his possession, or to which he has access, that identify all persons or entities for whom the defendant (or any entity through which he operates) has prepared income tax returns, sold trust packages to, or has provided any services on behalf of Liberty Estate Planning or Citadel Group, including but not limited to all Liberty Estate Planning and Citadel Group members since January 1, 1995.

It is further ORDERED, ADJUDGED AND DECREED that defendant Mahoney is

required to mail a copy of the Complaint in this action and this Court's Order of Permanent

Injunction to:

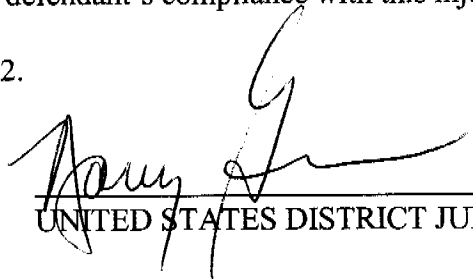
- a. All persons for whom the defendant or his agents prepared federal income tax returns or any other federal tax forms from January 1, 1995, to the present;
- b. All persons who purchased trust packages from defendant or his agents or designees;
- c. All persons who conducted any transactions with Liberty Estate Planning, Association for Certified Estate Planning Attorneys, Citadel Group and Cornerstone Financial Group since January 1, 1995; and
- d. All Liberty Estate Planning or Citadel Group members since January 1, 1995.

The defendant shall do this within 20 days of the date of this order and shall, within 25 days of the date of this order, file with the Court and serve on Government counsel a list of the names and addresses of all persons who have been so notified.

It is further ORDERED, ADJUDGED AND DECREED that defendant Mahoney, d/b/a Liberty Estate Planning, *et al.*, display prominently on the first page of any website he maintains a copy of this Court's Order of Permanent Injunction and to maintain such websites for a period of at least one year from the date of this order.

It is further, ORDERED, ADJUDGED AND DECREED that the United States may engage in post-judgment discovery to monitor the defendant's compliance with this injunction.

SO ORDERED this 12 day of July 2002.


UNITED STATES DISTRICT JUDGE