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16 Attorneys for United States of America

17 UNITED STATES DISTRICT COURT FOR THE
18 NORTHERN DISTRICT OF CALIFORNIA

19 IN THE MATTER OF THE TAX)
20 LIABILITIES OF:)
21 JOHN DOES, United States persons who,)
at any time during the period January 1, 2013,)
22 through December 31, 2015, conducted)
transactions in a convertible virtual currency)
23 as defined in IRS Notice 2014-21.)
24 _____)

Civil Number:

**UNITED STATES' *EX PARTE* PETITION
FOR LEAVETO SERVE "JOHN DOE"
SUMMONS**

25 The United States of America, by and through undersigned counsel, hereby petitions this Court
26 *ex parte* pursuant to 26 U.S.C. § 7609(h)(2) for an order authorizing service of an Internal Revenue

1 Service “John Doe” summons to Coinbase, Inc., for information related to transactions in convertible
2 virtual currency as defined in IRS Notice 2014-21. In support, the United States avers as follows:

3 1. This *ex parte* proceeding is commenced pursuant to §§ 7402(a), 7609(f), and 7609(h) of
4 the Internal Revenue Code (26 U.S.C.), for leave to serve an Internal Revenue Service “John Doe”
5 summons on Coinbase, Inc., (“Coinbase”).

6 2. The Court has jurisdiction over this proceeding pursuant to §§ 7402(b) and 7609(h)(1) of
7 the Internal Revenue Code and 28 U.S.C. §§ 1340 and 1345. Venue properly lies within this district.

8 3. This proceeding is appropriate for assignment to the San Francisco or Oakland Divisions
9 since Coinbase is headquartered in San Francisco.

10 3. The IRS has launched an investigation to determine the correct federal income tax
11 liabilities for taxable years 2013-2015 of United States taxpayers who have conducted transactions in a
12 “convertible virtual currency” as that term is defined in IRS Notice 2014-21. The taxpayers being
13 investigated have not been or may not be complying with U.S. internal revenue laws requiring the
14 reporting of taxable income from virtual-currency transactions.

15 4. In furtherance of this investigation, the IRS seeks permission to serve, under the authority
16 of § 7602 of the Internal Revenue Code, an administrative “John Doe” summons to Coinbase. A copy
17 of the proposed summons is attached as Exhibit B to the Declaration of David Utzke, Senior Revenue
18 Agent, with the Internal Revenue Service.

19 5. The “John Doe” summons relates to the investigation of an ascertainable group or class
20 of persons, that is, United States taxpayers who, at any time during the years ended December 31, 2013,
21 through December 31, 2015, conducted transactions in a convertible virtual currency as defined in IRS
22 Notice 2014-21.

23 6. There is a reasonable basis for believing that such group or class of persons may fail, or
24 may have failed, to comply with one or more provisions of the internal revenue laws.

25 7. The information sought to be obtained from the examination of the records (and the
26 identity of the persons with respect to whose tax liabilities the summons will issue) is not readily
27 available from other sources.

CIVIL COVER SHEET

The JS-CAND 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved in its original form by the Judicial Conference of the United States in September 1974, is required for the Clerk of Court to initiate the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS
United States of America
(b) County of Residence of First Listed Plaintiff
(c) Attorneys (Firm Name, Address, and Telephone Number)
Jeremy Hendon and Amy Matchison
Department of Justice - Tax Division
P.O. Box 683, Washington DC 20044

DEFENDANTS
County of Residence of First Listed Defendant
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED. Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)
1 U.S. Government Plaintiff
2 U.S. Government Defendant
3 Federal Question (U.S. Government Not a Party)
4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)
PTF DEF
Citizen of This State
Citizen of Another State
Citizen or Subject of a Foreign Country
Incorporated or Principal Place of Business In This State
Incorporated and Principal Place of Business In Another State
Foreign Nation

IV. NATURE OF SUIT (Place an "X" in One Box Only)
CONTRACT: 110 Insurance, 120 Marine, 130 Miller Act, 140 Negotiable Instrument, 150 Recovery of Overpayment Of Veteran's Benefits, 151 Medicare Act, 152 Recovery of Defaulted Student Loans (Excludes Veterans), 153 Recovery of Overpayment of Veteran's Benefits, 160 Stockholders' Suits, 190 Other Contract, 195 Contract Product Liability, 196 Franchise
REAL PROPERTY: 210 Land Condemnation, 220 Foreclosure, 230 Rent Lease & Ejectment, 240 Torts to Land, 245 Tort Product Liability, 290 All Other Real Property
PERSONAL INJURY: 310 Airplane, 315 Airplane Product Liability, 320 Assault, Libel & Slander, 330 Federal Employers' Liability, 340 Marine, 345 Marine Product Liability, 350 Motor Vehicle, 355 Motor Vehicle Product Liability, 360 Other Personal Injury, 362 Personal Injury - Medical Malpractice
PERSONAL INJURY: 365 Personal Injury - Product Liability, 367 Health Care/Pharmaceutical Personal Injury Product Liability, 368 Asbestos Personal Injury Product Liability
PERSONAL PROPERTY: 370 Other Fraud, 371 Truth in Lending, 380 Other Personal Property Damage, 385 Property Damage Product Liability
FORFEITURE/PENALTY: 625 Drug Related Seizure of Property 21 USC § 881, 690 Other
LABOR: 710 Fair Labor Standards Act, 720 Labor/Management Relations, 740 Railway Labor Act, 751 Family and Medical Leave Act, 790 Other Labor Litigation, 791 Employee Retirement Income Security Act
IMMIGRATION: 462 Naturalization Application, 465 Other Immigration Actions
BANKRUPTCY: 422 Appeal 28 USC § 158, 423 Withdrawal 28 USC § 157
PROPERTY RIGHTS: 820 Copyrights, 830 Patent, 840 Trademark
SOCIAL SECURITY: 861 HIA (1395ff), 862 Black Lung (923), 863 DIWC/DIWW (405(g)), 864 SSID Title XVI, 865 RSI (405(g))
FEDERAL TAX SUITS: 870 Taxes (U.S. Plaintiff or Defendant), 871 IRS-Third Party 26 USC § 7609
OTHER STATUTES: 375 False Claims Act, 376 Qui Tam (31 USC § 3729(a)), 400 State Reapportionment, 410 Antitrust, 430 Banks and Banking, 450 Commerce, 460 Deportation, 470 Racketeer Influenced and Corrupt Organizations, 480 Consumer Credit, 490 Cable/Sat TV, 850 Securities/Commodities/Exchange, 890 Other Statutory Actions, 891 Agricultural Acts, 893 Environmental Matters, 895 Freedom of Information Act, 896 Arbitration, 899 Administrative Procedure Act/Review or Appeal of Agency Decision, 950 Constitutionality of State Statutes

V. ORIGIN (Place an "X" in One Box Only)
1 Original Proceeding
2 Removed from State Court
3 Remanded from Appellate Court
4 Reinstated or Reopened
5 Transferred from Another District (specify)
6 Multidistrict Litigation-Transfer
8 Multidistrict Litigation-Direct File

VI. CAUSE OF ACTION
Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): 26 U.S.C. Section 7609
Brief description of cause: Ex Parte Petition for Leave to Serve John Doe Summons

VII. REQUESTED IN COMPLAINT: CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, Fed. R. Civ. P. DEMAND \$ 0.00 CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S), IF ANY (See instructions): JUDGE DOCKET NUMBER

IX. DIVISIONAL ASSIGNMENT (Civil Local Rule 3-2) (Place an "X" in One Box Only)
SAN FRANCISCO/OAKLAND SAN JOSE EUREKA-MCKINLEYVILLE

DATE: 11/16/2016 SIGNATURE OF ATTORNEY OF RECORD: /s/ Amy Matchison

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS-CAND 44

Authority For Civil Cover Sheet. The JS-CAND 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved in its original form by the Judicial Conference of the United States in September 1974, is required for the Clerk of Court to initiate the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I. a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the “defendant” is the location of the tract of land involved.)
- c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section “(see attachment).”
- II. Jurisdiction.** The basis of jurisdiction is set forth under Federal Rule of Civil Procedure 8(a), which requires that jurisdictions be shown in pleadings. Place an “X” in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
- (1) United States plaintiff. Jurisdiction based on 28 USC §§ 1345 and 1348. Suits by agencies and officers of the United States are included here.
 - (2) United States defendant. When the plaintiff is suing the United States, its officers or agencies, place an “X” in this box.
 - (3) Federal question. This refers to suits under 28 USC § 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
 - (4) Diversity of citizenship. This refers to suits under 28 USC § 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS-CAND 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an “X” in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerk(s) in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.
- V. Origin.** Place an “X” in one of the six boxes.
- (1) Original Proceedings. Cases originating in the United States district courts.
 - (2) Removed from State Court. Proceedings initiated in state courts may be removed to the district courts under Title 28 USC § 1441. When the petition for removal is granted, check this box.
 - (3) Remanded from Appellate Court. Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
 - (4) Reinstated or Reopened. Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
 - (5) Transferred from Another District. For cases transferred under Title 28 USC § 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
 - (6) Multidistrict Litigation Transfer. Check this box when a multidistrict case is transferred into the district under authority of Title 28 USC § 1407. When this box is checked, do not check (5) above.
 - (8) Multidistrict Litigation Direct File. Check this box when a multidistrict litigation case is filed in the same district as the Master MDL docket. Please note that there is no Origin Code 7. Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC § 553. Brief Description: Unauthorized reception of cable service.
- VII. Requested in Complaint.** Class Action. Place an “X” in this box if you are filing a class action under Federal Rule of Civil Procedure 23. Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction. Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS-CAND 44 is used to identify related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.
- IX. Divisional Assignment.** If the Nature of Suit is under Property Rights or Prisoner Petitions or the matter is a Securities Class Action, leave this section blank. For all other cases, identify the divisional venue according to Civil Local Rule 3-2: “the county in which a substantial part of the events or omissions which give rise to the claim occurred or in which a substantial part of the property that is the subject of the action is situated.”
- Date and Attorney Signature.** Date and sign the civil cover sheet.

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17 UNITED STATES DISTRICT COURT FOR THE
18 NORTHERN DISTRICT OF CALIFORNIA

19 IN THE MATTER OF THE TAX)
20 LIABILITIES OF:)
21 JOHN DOES, United States persons who,)
at any time during the period January 1, 2013,)
22 through December 31, 2015, conducted)
transactions in a convertible virtual currency)
23 as defined in IRS Notice 2014-21.)
24 _____)

Civil Number:

**[PROPOSED] ORDER GRANTING
EX PARTE PETITION FOR LEAVE TO
SERVE “JOHN DOE” SUMMONS**

25 THIS MATTER is before the Court upon the United States of America’s “*Ex Parte* Petition for
26 Leave to Serve “John Doe” Summons” (the “Petition”). Based upon a review of the Petition and
27 supporting documents, the Court has determined that the “John Doe” summons to Coinbase, Inc. relates

1 to the investigation of an ascertainable group or class of persons, that there is a reasonable basis for
2 believing that such group or class of persons has failed or may have failed to comply with any provision
3 of any internal revenue laws, and that the information sought to be obtained from the examination of the
4 records or testimony (and the identities of the persons with respect to whose liability the summons is
5 issued) are not readily available from other sources. It is therefore:

6 ORDERED AND ADJUDGED that the Internal Revenue Service, through Senior Revenue
7 Agent David Utzke or any other authorized officer or agent, may serve an Internal Revenue Service
8 John Doe summons upon Coinbase, Inc. in substantially the form as attached as Exhibit B to Declaration
9 of Senior Revenue Agent David Utzke. A copy of this Order shall be served together with the
10 summons.

11 IT IS SO ORDERED this ____ day of _____, 2016.

12
13
14 _____
United States District Judge

15
16 Presented by:

17 CAROLINE D. CIRAULO
18 Principal Deputy Assistant Attorney General

19 /s/ Jeremy N. Hendon

20 /s/ Amy Matchison

21 JEREMY N. HENDON
22 AMY MATCHISON
23 Trial Attorneys, Tax Division
24 U.S. Department of Justice

25 BRIAN J. STRETCH
26 United States Attorney
27 Northern District of California

28 /s/ Colin C. Sampson

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30 Assistant United States Attorney,
31 Tax Division