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IN THE UNITED STATES DISTRICT COURT FOR THE  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

UNITED STATES OF AMERICA

Plaintiff,

v.

WILLIAM W. ALEXANDER,  
RETIREMENT PLAN SERVICES, INC.,  
and LYONS PENSIONS, INC.

Defendant.

Civil **CV 10 6341-CBm**  
(FA)

**COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF**

Plaintiff, the United States of America, for its complaint against defendants  
William Alexander; Retirement Plan Services, Inc.; and Lyons Pensions, Inc.  
states as follows:

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1 **Nature of the Action**

2 1. Alexander individually and through his companies Retirement Plan  
3 Services and Lyons Pensions, promotes numerous tax-fraud schemes, including  
4 but not limited to schemes that involve his helping customers to use (a) a sham  
5 pension plan; and (b) a sham welfare-benefit plan.

6 2. The United States is bringing this complaint under 26 U.S.C. §§ 7402(a)  
7 and 7408 of the Internal Revenue Code (I.R.C.) to enjoin Alexander, Retirement  
8 Plan Services, and Lyons Pensions and anyone acting in concert with Alexander or  
9 these companies from directly or indirectly:

- 10 a. Organizing, promoting, marketing, or selling any plan or arrangement  
11 – including but not limited to the tax schemes described in this  
12 complaint – that advises or assists others in violating or attempting to  
13 violate the internal revenue laws or unlawfully evading the  
14 assessment or collection of their federal tax liabilities;
- 15 b. Engaging in conduct subject to penalty under I.R.C. § 6700, *i.e.*,  
16 organizing or selling any plan or arrangement and in connection  
17 therewith (a) making or furnishing false or fraudulent statements  
18 regarding the allowability of certain deductions, the excludability of  
19 income, or the securing of tax benefits derived from participation in a  
20 plan or arrangement, when he knows and/or has reason to know the  
21 statements are false or fraudulent as to a material matter or (b)  
22 making a gross valuation overstatement;
- 23 c. Engaging in conduct subject to penalty under I.R.C. § 6701, *i.e.*,  
24 preparing or assisting in the preparation of, or advising with respect  
25 to a document related to a matter material to the internal revenue laws  
26 that includes a position that Alexander knows will, if used, result in  
27 an understatement of tax liability;

- 1 d. Engaging in any other conduct that interferes with the administration  
2 or enforcement of the internal revenue laws; and  
3 e. Aiding, assisting, and/or advising with respect to the preparation of  
4 any federal tax return or representing customers before the IRS.

5 3. An injunction is warranted based on Alexander's continuing conduct as a  
6 promoter of tax-fraud schemes. Alexander has been promoting tax-fraud schemes  
7 since at least the mid-1990s. Alexander's numerous tax-fraud schemes have  
8 caused substantial harm to the United States. The Internal Revenue Service is  
9 harmed because it must continuously devote limited resources to detecting and  
10 examining inaccurate returns filed by Alexander's customers, and to attempting to  
11 assess and collect unpaid taxes from those customers. The amount of tax loss  
12 caused by Alexander's promotions is conservatively estimated to be at least \$30  
13 million.

#### 14 **Jurisdiction and Venue**

15 4. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345,  
16 and by 26 U.S.C. §§ 7402(a) and 7408.

17 5. This action for injunctive relief is brought at the request of the Chief  
18 Counsel of the Internal Revenue Service, a delegate of the Secretary of the  
19 Treasury, and commenced at the discretion of a delegate of the Attorney General  
20 of the United States, pursuant to 26 U.S.C. §§ 7402 and 7408.

21 6. Venue is proper in this Court under 28 U.S.C. § 1391 because a  
22 substantial part of the events giving rise to this suit took place in this district.

23 7. Alexander does business in this district in Pasadena, California.

#### 24 **Alexander's Background and Work History**

25 8. Alexander is 60 years old and a native of Nebraska. He graduated from  
26 the University of Nebraska. He works and lives in southern California where he  
27

1 purports to be an accountant, pension-plan administrator and a California-licensed  
2 insurance broker.

3 9. He works through Retirement Plan Services, Inc., which is a corporation  
4 that was incorporated in Nevada in 1996, and Lyons Pensions, Inc., which was  
5 incorporated in Nevada in 2002. He advertises that these companies administer  
6 pension plans and welfare-benefit plans.

7 10. Alexander worked as an annuity wholesaler for a number of large  
8 insurance companies from 1973 until 1993, at which time he became a self-  
9 employed insurance agent. In or around 1973, Alexander started selling purported  
10 pension plans, and, during the late 1990s, Alexander started selling purported  
11 welfare-benefit plans.

12 11. Alexander had a Series 6 license with FINRA (formerly NASD) that  
13 allowed him to sell annuities, mutual funds, and variable life insurance policies.  
14 He no longer maintains this license.

15 12. Alexander's customers are largely small business owners, such as  
16 doctors, attorneys, and other individuals who own small businesses. He purports  
17 to be an expert in the provision of federal tax advice to small business owners.

18 13. Alexander promotes his sham pension plans and sham welfare-benefit  
19 plan tax-fraud schemes by describing himself as one of the best tax planners in the  
20 country. He tells his customers and potential customers that he is more aggressive  
21 and less conservative than other accountants.

22 14. Alexander holds himself out to his customers as an administrator of  
23 pension plans and welfare-benefit plans.

24 15. He falsely and/or fraudulently advises his customers that these sham  
25 pension plans and sham welfare-benefit plans are legitimate and legal plans.

26 16. Alexander tells his customers and potential customers that they are  
27 paying too much in federal income taxes, and that he can reduce their tax burden

1 so that they pay little, if any, income taxes. He touts his sham pension-plan and  
2 welfare-benefit plan schemes as tax arrangements that allow his customers to  
3 reduce, if not eliminate entirely, their tax liabilities.

4 17. Alexander encourages his customers to retain an accountant with whom  
5 he regularly works to prepare their tax returns, because these accountants follow  
6 Alexander's directions.

7 18. Alexander also furnishes his customers and potential customers with a  
8 list of references – that is, a list of individual customers and also accountants to  
9 whom Alexander refers work. He contends that these references will support his  
10 assertion that he is “one of the very best pension administrators in the area.”

11 19. Alexander advises potential customers that his customers are rarely, if  
12 ever, the subject of an IRS audit, and that he has particular expertise in handling  
13 such audits when they do happen.

14 20. When the IRS does audit his customers' tax returns, Alexander  
15 responds on his customers' behalf by refusing to cooperate with the audit process  
16 and by sending revenue agents handwritten, vitriolic notes that impugn the agent's  
17 veracity and the audit process. For example, Alexander handwrote a note, dated  
18 May 20, 2009, to a revenue agent who had audited his clients, Robert and Annette  
19 Adler of Woodland Hills and their company, Coastal Satellite, Inc. that purported  
20 to sponsor a pension-plan. The agent's report determined that there was not  
21 adequate substantiation to support the pension-plan deductions that the Adlers and  
22 their company claimed during the 2007 and 2008 tax years. Alexander sent the  
23 revenue agent a note that stated that the audit report “is 100% wrong” and that  
24 “your report is a lie & that makes you a liar. . . . I know you are presumed by your  
25 bosses to lie.” Alexander signed his handwritten note using the moniker “Big  
26 Bad/Tough Bill.”

1           21. Alexander charges his customers an initial fee for his purported efforts  
2 to set up their sham pension plans and sham welfare-benefit plans, and an annual  
3 registration fee for his companies' purported administration and maintenance of  
4 the sham pension plans and sham welfare-benefit plans.

5           22. On information and belief, Alexander also has signed tax returns  
6 forging the signature of a deceased accountant and using that deceased  
7 accountant's tax return preparer identification number.

8                           **SHAM PENSION-PLAN TAX-FRAUD SCHEME**

9           23. Alexander promotes a sham pension-plan scheme through his  
10 corporations Retirement Plan Services, Inc. and Lyons Pensions Plan, Inc., which  
11 are incorporated in Nevada. Alexander is the only officer, director and employee  
12 of each company.

13           24. Alexander advises his customers to have their small businesses adopt a  
14 qualified, single-employer, defined-benefit pension plan.

15           25. Alexander advertises that his pension plans offer customers large tax  
16 savings. Alexander told one potential customer, Glen Martin, a general  
17 practitioner doctor in California, that "if your net income was \$300K, your current  
18 accountant would probably have you pay \$100,000 to \$150,000 in tax. With me  
19 as your accountant and pension-plan administrator, I would have you pay \$5,000  
20 to \$20,000 in tax." Alexander explained to Martin that his tax liability would  
21 disappear because Alexander could take "\$300 K of net income and move \$200 K  
22 to \$250 K through pension plans and that would basically eliminate your income  
23 tax and your self-employment tax."

24           26. A pension plan is a financial arrangement that is designed to provide a  
25 source of retirement funding for employees. Employers create, maintain and fund  
26 pension plans for the benefit of their employees who become eligible to receive  
27 payments from these plans at retirement. An employer makes contributions to that



1 calculate the payments an employee receives at retirement, are established through  
2 a pension-plan document, which includes an adoption agreement.

### 3 **Establishing And Purporting To Adopt A Qualified Pension Plan**

4 30. To implement the sham pension-plan tax-fraud scheme, in many  
5 instances Alexander advises his customers to create a new corporation, usually an  
6 S corporation, which is a pass-through entity. This corporation becomes the  
7 purported sponsor of the sham pension plan. An S corporation is not taxed at the  
8 corporate level. Rather, its income and any claimed deductions pass through to  
9 the owners of that corporation who report that income and claim those deductions  
10 on their individual tax returns.

11 31. For example, Alexander helped one customer, Steven Weinstein of  
12 Indianapolis, Indiana, form an S corporation, Nacho Money, Inc. that became the  
13 sponsor of a sham pension plan. Nacho Money purports to provide consulting  
14 services to Weinstein's company, Recognition Services, Inc. Nacho Money is  
15 owned by a Weinstein family member, but Weinstein actually controls Nacho  
16 Money and the company's funds. Nacho Money deducted purported pension-plan  
17 contributions of approximately \$375,000 in 2005; \$455,000 in 2006; and  
18 \$415,000 in 2007. The IRS disallowed these deductions because the IRS  
19 determined that the pension plan was not a qualified plan and that the purported  
20 contributions made to that plan and corresponding deductions taken by Weinstein  
21 should be disallowed.

22 32. Next, Alexander advises his customers to purport to adopt a single-  
23 employer, defined-benefit pension-plan document.

24 33. The parameters of the pension plan that he advises all of his customers  
25 to adopt are defined in a pension-plan document drafted and created by pension-  
26 plan administrators, including Industry Consultants, Inc. The pension plan  
27 described in the plan document is a pre-approved plan, meaning that if the plan's  
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1 parameters, as described in the plan document, are adopted by an employer and  
2 adhered to by the employer, then the plan is accepted to be a qualified plan under  
3 the Internal Revenue Code.

4 34. Alexander advises his customers to sign plan-document adoption  
5 agreements that are often backdated, meaning that the plan purports to take effect  
6 at a date earlier than when Alexander's customers actually have executed these  
7 plan documents. Alexander also advises his customers to amend their federal  
8 income tax returns for prior years in order to claim as deductions sham pension-  
9 plan contributions they purport to (retroactively) make, due to signing unlawfully  
10 backdated pension plans.

11 35. Alexander customer Steven Weinstein's sham pension-plan was  
12 purportedly established on January 1, 2000. But the purported sponsor of that  
13 plan, Nacho Money, Inc. (an S corporation created for the purpose of sponsoring  
14 this plan), was not incorporated until sixteen months later in early 2002.

15 36. Alexander told his customer Regina DiMartino of Los Angeles,  
16 California in an October 4, 2005 letter that she should date the checks that she was  
17 using to purportedly fund her sham pension plan September 15, 2004 or earlier, so  
18 that these checks could be used for a purported pension-plan contribution made for  
19 the 2004 tax year. Alexander gave DiMartino this advice after meeting with her in  
20 October of 2005.

21 37. As part of the sham pension-plan tax-fraud scheme, Alexander also  
22 advises his customers to establish a sham pension-plan trust. Typically, Alexander  
23 applies to the IRS for a federal pension plan employer-identification number for  
24 the trust. When he files this application with the IRS, Alexander often uses his  
25 own address on the application form, in lieu of his customers' addresses.

26 38. After the IRS assigns a separate employer-identification number to the  
27 sham pension-plan trust, Alexander directs his customers, who are the designated  
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1 trustees for the pension trust, to open trust bank accounts. The funds in these  
2 accounts are sometimes used to purchase financial products, including annuities  
3 and insurance contracts. These financial products are purportedly purchased to  
4 fund the pension plans.

5 39. Alexander advises his customers to write checks to the sham pension-  
6 plan trust. That check is deposited into the purported pension trust's bank  
7 account. Often, the funds are used to purchase insurance policies, annuities or  
8 other financial instruments, all of which fund the sham pension plan. Alexander  
9 receives a commission from the sales of these insurance policies or annuities,  
10 because he is the insurance broker who sells these policies to his customers.

11 40. Alexander fraudulently recharacterizes his customers' routine expenses  
12 as pension-plan contributions that purport to substantiate deductions taken  
13 retroactively on his customers' individual and corporate returns as purported  
14 pension-plan contributions.

15 41. Alexander also informed his customer DiMartino in a July 12, 2004  
16 letter that between \$50,000 and \$60,000 of funds she had used as a down payment  
17 on her condominium had been "recharacterize[d] . . . as a defined benefit  
18 contribution for 12-31-03."

19 42. Similarly, in an August 28, 2004 letter, Alexander advised two  
20 customers, Dimiter Hristov and Tzonka Hristov, a married couple who are Florida-  
21 based doctors "to look for old personal checks that you wrote from 1/1/02 through  
22 9/15/03 that are personal checks that I could re-characterize as pension  
23 contributions." He advised that these checks could be for things like "down  
24 payments on property, checks to people, investment checks, big checks to buy  
25 certain things like antique furniture."

26 43. A pension plan's funds accrue on a tax-free basis, provided that the  
27 pension plan is a qualified plan under the Internal Revenue Code, and meets  
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1 certain requirements. Alexander promotes pension plans that purport to be  
2 qualified plans, and thus, exempt from federal income taxes.

3 44. In actuality, Alexander's customers, who act on his advice, fail to  
4 implement the pension plans that they purport to adopt. As discussed below, these  
5 pension plans are shams, not bona fide plans or qualified plans within the meaning  
6 of the Internal Revenue Code.

7 45. Nevertheless, Alexander charges his customers an initial fee of  
8 approximately \$2700 for setting up the plan, and he also charges them an annual  
9 fee of approximately \$1200 for his purported annual administration of their sham  
10 pension plans, which he purports to do through his company, Retirement Plan  
11 Services. Alexander purports to be the plan administrator, but in actuality, he is  
12 not the plan administrator. No plan administrator exists.

### 13 **Alexander's Sham Pension Plans Are Not Legitimate Pension Plans**

14 46. The sham pension plans that Alexander promotes are not legitimate  
15 pension plans. Alexander advises his customers that they need not adhere to the  
16 pension-plan document that they purport to adopt. Among other things, these  
17 sham plans are not properly funded and they do not provide adequate coverage for  
18 Alexander customers' employees, per the requirements of any qualified pension  
19 plan.

20 47. Thus, although these pension-plan documents describe pension plans  
21 that are pre-qualified plans, by not following the pension-plan document, his  
22 customers' plans are not qualified for the favorable tax treatment granted to  
23 qualified pension plans under the Internal Revenue Code.

24 48. Alexander's advice concerning the sham pension-plan tax-fraud scheme  
25 that he promotes flagrantly violates numerous provisions of the Internal Revenue  
26 Code: 1) Alexander's sham pension plans do not adhere to the Code provisions  
27 that regulate the methods by which a qualified pension plan must be funded; 2)

1 Alexander's sham pension plans do not adhere to the requirement that  
2 contributions to qualified plans must be determined by a certified actuarial  
3 calculation; 3) Alexander's customers deduct contributions to the sham pension  
4 plan that exceed any reasonable actuarial calculation; 4) Alexander's sham  
5 pension plans do not file annual reports with the Internal Revenue Service and  
6 Department of Labor; 5) Alexander's sham pension plans do not adhere to the  
7 requirement that plans benefit a substantial percentage of a business's non-highly  
8 compensated employees, that is its rank-and-file employees.

9 49. There is a minimum-funding requirement for qualified pension plans.  
10 The amount of the contribution to the pension plan must be determined by an  
11 actuarial calculation. All qualified pension plans must be certified by an actuary  
12 during each tax year. *See* I.R.C. §§ 412(a), 430(a).

13 50. Specifically, for plan years ending on or before December 31, 2007, the  
14 Code requires that an employer that maintains a pension plan must obtain an  
15 Actuarial Valuation Report from an enrolled actuary each year. The enrolled  
16 actuary must prepare and sign a Schedule B, Actuarial Information, certifying the  
17 contribution required to meet the minimum funding standard under section 412 of  
18 the Code. The Schedule B is then attached to Form 5500, Annual Report of  
19 Employment Plan, and filed with the IRS and the Department of Labor. If a plan  
20 sponsor fails to file Form 5500, including Schedule B, in a timely manner, the plan  
21 sponsor is liable for a penalty under I.R.C. § 6059(b). For plan years ending on or  
22 after January 1, 2008, the Pension Protection Act of 2006 (P.L. 109-280), which  
23 added section 430 to the Code, requires the plan actuary to determine the  
24 minimum required contribution for the plan year. The actuary must certify this  
25 amount on Schedule SB, which the plan administrator then attaches to the Form  
26 5500 filed by the plan administrator. Failure to file Form 5500,

1 including Schedule SB, in a timely manner, may cause the plan sponsor to incur a  
2 penalty under I.R.C. § 6059(b).

3 51. Alexander ignores these actuarial calculation rules. He almost never  
4 files an actuarial report or Form 5500. Additionally, Alexander and his  
5 companies, Retirement Plan Service and Lyons Pensions, almost never employ an  
6 actuary in connection with any of the pension plans he purports to administer.  
7 Alexander has admitted that he does not get actuarial calculations each year for his  
8 customers' plans. He admitted this in his October 1, 2006 letter to his customer  
9 Greg Becker, who resides in Las Vegas, Nevada.

10 52. In that same letter, Alexander also advised Becker, as he has numerous  
11 other customers, that Becker should not worry about obtaining an actuarial  
12 calculation to determine the target amount of qualified pension-plan contributions.

13 53. Alexander determines his customers' purported pension-plan  
14 contributions only by considering whether his customers are able to reduce, or  
15 eliminate entirely, their tax liabilities.

16 54. For example, Alexander has determined the pension-plan contributions  
17 and corresponding deductions for his customer James Shadlaus, who is based in  
18 Las Vegas, since 1997 when Alexander first established a sham pension plan for  
19 Shadlaus. At the end of each tax year, Alexander has determined Shadlaus's  
20 annual purported pension-plan contribution by considering the year-end profits  
21 Shadlaus's company earns. Alexander seeks to offset these profits with  
22 deductions claimed for purported pension-plan contributions.

23 55. A business is entitled to deduct the amount of money that it contributes  
24 to a defined- pension-plan, subject to limits that are outlined in the Internal  
25 Revenue Code. *See* I.R.C. §§ 162, 404(o).

26 56. Alexander ignores these deduction limits as well. Here, too, Alexander  
27 determines the corresponding deductions that his customers' businesses can claim  
28

1 for purported contributions to their sham pension plans by considering the amount  
2 of deductions that are necessary to eliminate or substantially reduce his customers'  
3 tax liabilities.

4 57. In one such instance, Alexander advised his customers, the Hristovs,  
5 that he was endeavoring "to come up with enough pension deductions for 12/03 to  
6 get your income tax down, as I would work things out to where you have about  
7 \$150K of taxable income, which would take about \$500K of pension deductions  
8 for '03."

9 58. The Department of Labor and the Internal Revenue Service require that  
10 a Form 5500 be filed for each qualified pension plan every year, assuming that the  
11 plan comprises assets valued at or greater than \$100,000. In addition, the  
12 Schedule B of the Form 5500 requires that an enrolled actuary sign the form  
13 attesting to the actuarial calculations underlying the pension plan, which are used  
14 to determine, among other things, the maximum contributions allowed for each  
15 employee and the corresponding deductions that a business may claim.

16 59. Nearly all, if not all, of Alexander's customers maintain sham pension  
17 plans with funds that are valued at or greater than \$100,000. Yet, Alexander  
18 ignores the Form 5500 filing requirement. He represents to his customers that he  
19 is their pension-plan administrator and that he will file all necessary forms with  
20 government agencies. In actuality, Alexander rarely files the Forms 5500 for his  
21 customers.

22 60. Alexander advises his customers that neither the IRS nor the  
23 Department of Labor is ever likely to learn that these Form 5500s are not filed. To  
24 the extent Alexander ever files Forms 5500 with the Internal Revenue Service and  
25 Department of Labor, he does so only *after* a customer is audited by the IRS.

26 61. For example, in his October 1, 2006 letter to his customer Greg Becker,  
27 Alexander acknowledged that he had not filed any of Becker's Form 5500s, even  
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1 though he had told Becker that he would file these forms. Alexander explained to  
2 Becker that “[i]t would be pretty tough” for these agencies [the IRS and  
3 Department of Labor] to audit these sham pension plans “because they can’t be  
4 auditing something that has never been filed.” He further advised Becker “not to  
5 file [a Form 5500] and just stay like you’re doing” and that the sham pension plan  
6 “is qualified and legal.”

7         62. Alexander contends that a Form 5500 is simply an “information  
8 government filing,” and a “disclosure that’s overemphasized.” He asserts that  
9 when taxpayers or their representatives file and “honestly complete” a Form 5500,  
10 that taxpayers “increase [their] chance[s] of audit of the 5500 by a lot.”

11         63. Alexander’s sham pension-plan tax-fraud scheme is designed so that  
12 only his business-owner customers receive coverage from the plan, regardless of  
13 whether his customers also have employees. This exclusion violates two pension-  
14 plan coverage rules: first, the rule requiring that a qualified pension plan cover a  
15 certain percentage of a company’s non-highly compensated employees (which  
16 necessarily includes more than just a company’s owners, officers, and directors),  
17 and second, the rule prohibiting a qualified pension plan from providing benefits  
18 disproportionately to highly-compensated employees relative to rank-and-file  
19 employees. *See* I.R.C. §§ 410, 401(a)(3), 401(a)(4).

20         64. These pension-plan coverage rules pertain to employees who work for  
21 related companies, including companies owned or controlled by the same  
22 individual or group of individuals. The Code has control-group rules that consider  
23 whether a company is related to another company. If two or more companies are  
24 controlled by the same individual or group of individuals, then the employees of  
25 those companies are counted together for purposes of determining whether a  
26 qualified pension plan provides benefits to an adequate percentage of non-highly  
27 compensated employees or disproportionately to highly-compensated employees.

1 See I.R.C. §§ 414(b),(c), and 1563.

2 65. Alexander attempts to circumvent these coverage rules and he ignores  
3 the control-group and aggregation rules. In some instances, Alexander advises his  
4 customers to form new companies that purport to sponsor the sham pension-plans.  
5 Only his customers work for these newly formed companies. His customers'  
6 employees remain at the initial business; this arrangement is intended to give the  
7 impression that his customers own companies that have no other employees but  
8 the customers themselves, thus exempting these businesses from sponsoring  
9 qualified pension plans that meet the Code's coverage rules described in  
10 paragraphs 63 and 64. In actuality, however, the new companies that Alexander  
11 advises customers to form are part of the same control group of companies as the  
12 customers' original business. Thus, these sham pension plans cannot provide  
13 benefits only to Alexander's customers and ignore employees of the original  
14 business.

15 66. Alexander touts this illegal exclusion of rank-and-file employees. He  
16 explains that in establishing the sham pension plans for his customers, his  
17 "objective would be to exclude employees," as he noted in his July 20, 1997 letter  
18 to a customer whom he called Charlie. He offered the same explanation to his  
19 customer Glenn Martin in an April 17, 2004 letter: "What do I do with the  
20 employees? I typically have the employees and their payroll on a separate  
21 corporation away from the owner, so I can exclude the employees from this rich  
22 pension plan[] that I use for the owner."

23 67. These sham pension plans violate coverage rules described in  
24 paragraphs 63 and 64, and thus, for this reason, too, are not qualified plans within  
25 the meaning of the Code.



1           73. Alexander's customers write him a check, he takes a commission, and  
2 then returns his customers' funds, minus his commission and informs his  
3 customers that they never need to repay the so-called loan. Alexander intends to  
4 make this transaction appear to be more elaborate and complex.

5           74. For example, to effect this bogus third-party loan, Alexander has  
6 advised at least one customer to write a check to a seemingly-unrelated third-party,  
7 such as "a sibling, any relative or any business associate you trust," but then  
8 further explained that "[b]ecause this sometimes gets a little uneasy with regards  
9 to asking someone to make a loan to them where they give the money right back to  
10 you, most of my customers use me as the 'front for the loan.'" Thus, Alexander  
11 advises customers to write a check to Lyons Pensions, an entity that he operates  
12 and that purports to be a pension-plan administrator or to write a check to  
13 themselves, with a notation that the check is for a purported loan to William  
14 Alexander. Alexander then negotiates the check, takes a commission that is  
15 approximately 6%, and returns the remainder of the funds, minus this commission,  
16 to the customer. Alexander even promises customers that in the event of an IRS  
17 audit, he will be able to reproduce actual loan documents to verify this purported  
18 third-party loan.

19           75. Alexander actively maneuvers to give the appearance that this  
20 movement of money is a third-party loan. This is because the rules governing the  
21 terms of third-party loans made from pension-plans are more flexible than the  
22 rules governing non-third-party loans. Third-party loans are subject to fewer rules  
23 and also less IRS scrutiny. *See* I.R.C. §§ 4975(c)(e).

24           76. Of course, these purported third-party loans are not loans at all. They  
25 are actually the salaries that Alexander's customers would ordinarily pay  
26 themselves, but for his scheme. In short, these bogus loans are used to disguise  
27 the salaries that Alexander's customers earn and on which they are required to pay  
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1 income taxes and employment taxes.

2 77. Alexander even goes so far as “to set up a third-party loan note for the  
3 file to keep the IRS happy in the remote possibility that they do a pension audit,”  
4 as he explained to his customer Regina DiMartino in an October 4, 2005 letter in  
5 which he touts his sham pension-plan tax-fraud scheme. He describes the third-  
6 party loan option to DiMartino by further explaining that “[y]ou put your first  
7 \$200K into the annuity loan by writing a check to my agency corp, Lyons  
8 Pensions, Inc. I hold the money in my annuity agency corp for a couple of weeks  
9 and refund the \$200K back to you. . . . You can then take this money and invest it  
10 anywhere. . . . Then the investment growth and gains are not subject to income  
11 tax.”

12 78. Thus, Alexander advises his customers to recharacterize their salaries as  
13 pension-plan contributions which are then returned to the customer via a third-  
14 party loan. As a result of this advice, Alexander’s customers claim a bogus  
15 deduction on their tax returns for the purported contributions to a sham pension  
16 plan, pay neither income taxes nor employment taxes, but still retain the use of  
17 these funds in order to cover their living expenses. In addition, Alexander’s  
18 customers also do not pay any taxes on the gains they receive from their  
19 investments of these funds. In short, Alexander advises his customers to call their  
20 salaries purported pension-plan contributions in order to evade income and  
21 employment tax liabilities.

22 **Alexander’s False and Fraudulent Statements Regarding His**  
23 **Sham Pension Plans**

24 79. Alexander advises his customers that when they adopt and fund sham  
25 defined-benefit pension plans through purported contributions, they are obtaining  
26 certain tax benefits. He makes numerous false and/or fraudulent material  
27 statements about the purported tax benefits that derive from the sham pension-plan  
28

1 arrangement that he has established and organized, including that this arrangement  
2 is legal. In addition, he makes the following false and/or fraudulent material  
3 statements:

4 80. First, Alexander falsely and/or fraudulently tells his customers that he,  
5 through one of his two companies, Retirement Plan Services or Lyons Pensions, is  
6 a pension-plan administrator and that he will file Forms 5500 with the IRS and  
7 Department of Labor. In actuality, Alexander's companies are not pension-plan  
8 administrators, and he does not file Forms 5500 for his customers' plans with any  
9 agency.

10 81. Second, Alexander falsely and/or fraudulently tells his customers that,  
11 as purported employees of the company that sponsors the sham pension plan, they  
12 need not claim the contributions to their sham pension plans as income on their tax  
13 returns, because the Internal Revenue Code does not consider contributions to a  
14 qualified pension plan to be income. But, as explained above, these pension-plan  
15 contributions are not actual contributions and there is no legitimate pension plan.  
16 Thus, Alexander advises his customers to hide their income in order to evade  
17 taxes.

18 82. Third, Alexander falsely and/or fraudulently tells his customers that  
19 they can take purported third-party loans from their own sham pension-plan funds,  
20 never repay these loans and still claim a deduction for having purportedly made a  
21 contribution to these sham pension plans. These purported third-party loans are  
22 not loans, and there is no legitimate pension plan.

23 83. Fourth, Alexander falsely and/or fraudulently tells his customers that  
24 they can contribute to their sham pension plans an amount of money that is  
25 determined by considering only whether his customers can reduce or eliminate  
26 their tax liabilities, and with no regard for any actuarial calculation that is  
27 supposed to determine the amount of pension-plan contributions each year.

1 Indeed, Alexander never employs any actuarial calculation. The Code expressly  
2 requires that pension-plan contributions comport with an actual actuarial  
3 calculation.

4 84. Fifth, Alexander falsely and/or fraudulently tells his customers that they  
5 can claim corresponding deductions for the purported contributions they made to  
6 their sham pension plans, without any regard for any actuarial calculations. The  
7 Code expressly requires that corresponding deductions comport with an actual  
8 actuarial calculation.

9 85. Sixth, Alexander falsely and/or fraudulently tells his customers that  
10 they can take a purported third-party loan that they need not pay back in order to  
11 cover their living expenses instead of paying themselves a salary, in order to evade  
12 the payment of income taxes and employment taxes. These transactions illegally  
13 recharacterize income.

14 86. Alexander knows and has reason to know that all of these statements  
15 are false and/or fraudulent statements.

16 **SHAM WELFARE-BENEFIT PLAN TAX-FRAUD SCHEME**

17 87. Alexander also promotes a sham welfare-benefit plan tax-fraud scheme  
18 as an additional way to unlawfully eliminate or reduce his customers' tax  
19 liabilities. Specifically, he advises his customers to adopt a welfare-benefit plan  
20 that has been defunct since 2003. His sham welfare-benefit plan tax-fraud scheme  
21 is promoted along with the sham pension-plan tax-fraud scheme.

22 88. The new S corporation that Alexander advises his customers to form in  
23 connection with the sham pension-plan tax-fraud scheme also purports to sponsor  
24 the sham welfare-benefit plan that Alexander promotes.

25 89. A welfare-benefit plan is a plan that is established or maintained by an  
26 employer, multiple employers, or an employee organization that provides benefits  
27 to its employees and/or their beneficiaries, such as insured and uninsured medical  
28

1 and death benefits for active employees, disability and unemployment benefits,  
2 certain severance benefits, and post-retirement medical and life-insurance benefits.

3 90. A welfare-benefit plan is funded through contributions, which the  
4 sponsoring employer (and, sometimes the employer's employees) makes to a  
5 welfare-benefit fund, usually a trust. This fund then uses these contributions  
6 either to directly provide the benefits covered by the welfare-benefit plan or to  
7 purchase insurance contracts to provide the benefits. Contributions to the welfare-  
8 benefit fund, if deductible at all, are generally deductible by the employer in the  
9 taxable year that the welfare benefits are provided to the covered employees. *See*  
10 I.R.C. § 419.

11 91. Alexander has advised customers to have their businesses sign the  
12 Warren Group Multiple Employer Welfare Benefit Plan and Trust adoption  
13 agreement, thus giving the appearance that this specific adoption agreement  
14 governs their sham welfare-benefit plans. When it existed, the Warren Group plan  
15 provided, among other things, death benefits for covered employees.

16 92. In an April 7, 2004 note, Alexander advised his clients Dimiter Hristov  
17 and Tzonka Hristov that he would establish a welfare-benefit plan on their behalf.  
18 This welfare-benefit plan was purportedly the Warren Group plan, which was  
19 defunct at the time of Alexander's letter.

20 93. The Warren Group no longer operates a welfare-benefit plan, as the  
21 group has been defunct since 2003. This means that after 2003, there were no new  
22 participants allowed into the Warren Group plan.

23 94. For example, there is no record that Alexander's customers James  
24 Shadlaus and the Hristovs ever participated in the Warren Group plan, even  
25 though Alexander purported to establish welfare-benefit plans for them.

26 95. Seven years after the Warren Group plan became defunct, Alexander  
27 continues to advise customers to sign the Warren Group adoption agreement to  
28

1 give the appearance that his customers are participating in a legitimate welfare-  
2 benefit plan.

3 96. Alexander advises his customers to purport to make contributions to  
4 this defunct welfare-benefit plan and to claim corresponding deductions for these  
5 purported contributions on their federal tax returns. In actuality, Alexander's  
6 customers have never contributed to the Warren Group's welfare-benefit plan.

7 97. One Alexander customer, Shashi Sharma, a cardiologist based in  
8 California, purportedly participated in the sham welfare-benefit plan but when  
9 asked by the IRS about his plan said he had never even heard of the Warren  
10 Group. Sharma never received any correspondence from the Warren Group, never  
11 wrote any checks to the Warren Group, and never received any payments from the  
12 Warren Group.

13 98. Just as he does with his sham pension-plan tax-fraud scheme,  
14 Alexander advises his customers to backdate the adoption agreements that they  
15 sign, so that the welfare-benefit plan purports to take effect at a date earlier than  
16 when Alexander's customers actually execute these adoption agreements.  
17 Alexander also advises his customers that they should amend their federal income  
18 tax returns from prior years in order to claim deductions for purported welfare-  
19 benefit plan contributions. These purported contributions are actually routine  
20 expenses that his customers previously paid before they executed the unlawfully  
21 backdated adoption agreements.

22 **Funding Sham Welfare Benefit Plans and Recharacterizing Wages**  
23 **To Evade Payment Of Employment Taxes**

24 99. Alexander used to advise his customers to purport to purchase annuities  
25 from Jackson National Life Insurance Company that were purportedly intended to  
26 fund the welfare-benefit plans. On information and belief, Alexander promoted  
27 this version of the sham welfare- benefit plan tax-fraud scheme until around 2006.

1  
2           100. In this first version of the sham welfare-benefit plan tax-fraud scheme,  
3 Alexander, who previously had an insurance-brokerage license, purchased  
4 annuities from Jackson National Life for his customers, using their money. Then,  
5 almost immediately after he purchased these annuities for his customers, he sold  
6 these annuities for his customers. He then returned to his customers the money  
7 that they had used to purchase the annuities, minus an 8% annuity- surrender fee.  
8 Jackson National imposed this annuity-surrender fee because Alexander's  
9 customers canceled their annuity contracts before expiration of the term of these  
10 contracts. Alexander has explained that his customers agreed to pay the 8%  
11 surrender fee because his customers received a 40%-50% reduction in their tax  
12 liabilities as a function of participating in this tax-fraud scheme.

13           101. Alexander advised his customers that they could use the cash from the  
14 sales of these annuities to cover their living expenses, but that his customers could  
15 still claim a deduction for having made purported contributions to the sham  
16 welfare-benefit plans. Thus, Alexander's customers appeared to purchase  
17 annuities used to fund their purported welfare-benefit plans, but his customers  
18 retained use of their money, minus an 8% commission and fraudulently obtained  
19 tax benefits from having purportedly contributed to the sham welfare-benefit plan.

20           102. Alexander no longer advises his customers to purchase annuities for  
21 the purported purpose of funding the sham welfare-benefit plan. Now, Alexander  
22 advises his customers to purport to make a contribution to the sham welfare-  
23 benefit plan by writing him, or his firm Lyons Pensions, a check for the  
24 contribution amount. That check is then cashed and the funds are returned to the  
25 customer, minus a commission, similar to the third-party loan arrangement he  
26 promotes with his sham pension-plan tax-fraud scheme. Alexander advises his  
27 customers that they can spend this cash without limitation.







1 and sham welfare-benefit plan tax-fraud schemes has resulted in at least \$30  
2 million in harm to the United States. This number is a conservative estimate, as it  
3 is based only on a review of tax returns for twenty-four different groups of  
4 Alexander customers during the 2003-2007 tax years.

5 **COUNT I: Injunction Under I.R.C. § 7408 for Violation of I.R.C.  
6 §§ 6700 and 6701**

7 118. The United States incorporates by reference the allegations in  
8 paragraphs 1 through 117.

9 119. Section 7408 of the I.R.C. authorizes a court to enjoin persons who  
10 have engaged in any conduct subject to penalty under I.R.C §§ 6700 or 6701 if the  
11 court finds that injunctive relief is appropriate to prevent recurrence of such  
12 conduct.

13 120. Section 6700 of the I.R.C. penalizes any person who organizes or sells  
14 a plan or arrangement and in connection therewith makes or furnishes or causes  
15 another person to make or furnish a statement regarding the securing of a tax  
16 benefit that the person knows or has reason to know is false or fraudulent as to any  
17 material matter.

18 121. Through his promotion of the sham pension-plan and sham welfare-  
19 benefit plan tax-fraud schemes, Alexander has made, caused others to make and  
20 furnished material false or fraudulent statements regarding the allowability of  
21 certain deductions, the excludability of income, and the securing of tax benefits  
22 derived from participation in one or more of these tax-fraud schemes. Alexander  
23 knows or has reason to know that these statements are false or fraudulent within  
24 the meaning of I.R.C. § 6700.

25 122. Section 6701 of the I.R.C. penalizes any person who prepares or aids,  
26 assists, or advises with respect to the preparation of a document that he has reason  
27 to believe will be used in connection with any material matter arising under the  
28

1 internal revenue laws and who knows that the document, if so used, would result  
2 in an understatement of another person's tax liability.

3 123. Alexander prepares, aids, assists and advises with respect to the  
4 preparation of his customers' tax returns and other related documents that he  
5 knows would, if used, result in understatements of his customers' tax liability.

6 124. If Alexander is not enjoined, he is likely to continue to promote tax-  
7 fraud schemes.

8 **COUNT II: Injunction Under I.R.C. § 7402 For Unlawful Interference**  
9 **With Enforcement Of The Internal Revenue Laws And The**  
10 **Appropriateness of Injunctive Relief**

11 125. The United States incorporates by reference the allegations in  
12 paragraphs 1 through 124.

13 126. Section 7402 of the I.R.C. authorizes a court to issue orders of  
14 injunction as may be necessary or appropriate for the enforcement of the internal  
15 revenue laws.

16 127. Alexander, through the actions described above, has engaged in  
17 conduct that substantially interferes with the administration and enforcement of  
18 the internal revenue laws.

19 128. Alexander's conduct results in irreparable harm to the United States.  
20 Alexander's conduct is causing and will continue to cause substantial revenue loss  
21 to the United States Treasury, much of which may be unrecoverable.

22 129. Unless Alexander is enjoined, the IRS will have to continue devoting  
23 substantial time and resources auditing each of Alexander's customers  
24 individually and assessing taxes, interest and penalties, some portion of which  
25 may be impossible to recover.

26 130. If Alexander is not enjoined, he is likely to continue to engage in  
27 conduct subject to penalty under I.R.C. §§ 6700 and 6701 that interferes with the  
28 enforcement of the internal revenue laws.

1 WHEREFORE, plaintiff, the United States of America, respectfully prays for the  
2 following:

3 A. That the Court find that defendant has engaged in conduct subject to  
4 penalty under I.R.C. § 6700 and 6701 and that injunctive relief under I.R.C. §7408  
5 is appropriate to prevent recurrence of this conduct;

6 B. That the Court find that defendant has engaged in conduct interfering  
7 with the enforcement of the internal revenue laws, and that injunctive relief is  
8 appropriate to prevent the recurrence of that conduct pursuant to the Court's  
9 inherent equity powers and under I.R.C. § 7402(a);

10 C. That pursuant to I.R.C. §§ 7402 and 7408, Alexander and anyone acting  
11 in concert with him be permanently enjoined and restrained from, directly or  
12 indirectly, by use of any means or instrumentalities:

- 13 i. Organizing, promoting, marketing, or selling any plan or arrangement  
14 – including but not limited to the tax schemes described in this  
15 complaint and any other fraudulent tax scheme identified through  
16 further discovery in this case – that advises or assists others in  
17 violating or attempting to violate the internal revenue laws or  
18 unlawfully evading the assessment or collection of their federal tax  
19 liabilities;
- 20 ii. Engaging in conduct subject to penalty under I.R.C. § 6700, *i.e.*, the  
21 making, furnishing, or causing another to make or furnish material  
22 and false or fraudulent statements regarding the allowability of  
23 certain deductions, the excludability of income, or the securing of tax  
24 benefits derived from participation in any plan or arrangement, which  
25 he knows or has reason to know are false or fraudulent or making,  
26 furnishing, or causing another to make a gross valuation  
27 overstatement as to any material matter;



1 Dated: August 19, 2010

Respectfully submitted by:

2  
3 ANDRÉ BIROTTE JR  
United States Attorney

4  
5 

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12 Attorneys for the United States

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

**NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY**

This case has been assigned to District Judge Consuelo B. Marshall and the assigned discovery Magistrate Judge is Charles Eick.

The case number on all documents filed with the Court should read as follows:

**CV10- 6341 CBM (Ex)**

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

===== :  
**NOTICE TO COUNSEL**

*A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).*

Subsequent documents must be filed at the following location:

**Western Division**  
312 N. Spring St., Rm. G-8  
Los Angeles, CA 90012

**Southern Division**  
411 West Fourth St., Rm. 1-053  
Santa Ana, CA 92701-4516

**Eastern Division**  
3470 Twelfth St., Rm. 134  
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA**  
**CIVIL COVER SHEET**

<b>I (a) PLAINTIFFS</b> (Check box if you are representing yourself <input type="checkbox"/> )  UNITED STATES OF AMERICA	<b>DEFENDANTS</b>  WILLIAM W. ALEXANDER (see attached)
<b>(b)</b> County of Residence of First Listed Plaintiff (Except in U.S. Plaintiff Cases): Los Angeles	County of Residence of First Listed Defendant (In U.S. Plaintiff Cases Only): Los Angeles
<b>(c)</b> Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) United States Attorney's Office Daniel Layton, Asst. U.S. Attorney 300 N. Los Angeles St. Room 7211 Los Angeles, CA 90012 (213) 894-6165	Attorneys (If Known)

<b>II. BASIS OF JURISDICTION</b> (Place an X in one box only.)  <input checked="" type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)  <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	<b>III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only</b> (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border: none;"> <tr> <td style="width:30%;"></td> <td style="width:10%; text-align: center;"><b>PTF</b></td> <td style="width:10%; text-align: center;"><b>DEF</b></td> <td style="width:40%;"></td> <td style="width:10%; text-align: center;"><b>PTF</b></td> <td style="width:10%; text-align: center;"><b>DEF</b></td> </tr> <tr> <td>Citizen of This State</td> <td align="center"><input type="checkbox"/> 1</td> <td align="center"><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in this State</td> <td align="center"><input type="checkbox"/> 4</td> <td align="center"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td align="center"><input type="checkbox"/> 2</td> <td align="center"><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td align="center"><input type="checkbox"/> 5</td> <td align="center"><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td align="center"><input type="checkbox"/> 3</td> <td align="center"><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td align="center"><input type="checkbox"/> 6</td> <td align="center"><input type="checkbox"/> 6</td> </tr> </table>		<b>PTF</b>	<b>DEF</b>		<b>PTF</b>	<b>DEF</b>	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
	<b>PTF</b>	<b>DEF</b>		<b>PTF</b>	<b>DEF</b>																				
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Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

**IV. 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 Multi-District Litigation   
  7 Appeal to District Judge from Magistrate Judge

**V. REQUESTED IN COMPLAINT: JURY DEMAND:**  Yes  No (Check 'Yes' only if demanded in complaint.)

**CLASS ACTION under F.R.C.P. 23:**  Yes  No      **MONEY DEMANDED IN COMPLAINT: \$** \_\_\_\_\_

**VI. CAUSE OF ACTION** (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)

26 U.S.C. Sections 7402(a) and 7408

**VII. NATURE OF SUIT** (Place an X in one box only.)

<b>OTHER STATUTES</b> <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities /Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	<b>CONTRACT</b> <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise <b>REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<b>TORTS</b> <b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<b>TORTS</b> <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability <b>BANKRUPTCY</b> <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>CIVIL RIGHTS</b> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<b>PRISONER PETITIONS</b> <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <b>FORFEITURE/PENALTY</b> <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety /Health <input type="checkbox"/> 690 Other	<b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <b>FEDERAL TAX SUITS</b> <input checked="" type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
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**VIII(a). IDENTICAL CASES:** Has this action been previously filed and dismissed, remanded or closed?  No  Yes

If yes, list case number(s):

CV 10 6341

**FOR OFFICE USE ONLY:** Case Number: \_\_\_\_\_

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA  
CIVIL COVER SHEET

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

VIII(b). RELATED CASES: Have any cases been previously filed that are related to the present case?  No  Yes

If yes, list case number(s): \_\_\_\_\_

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply)  A. Arise from the same or closely related transactions, happenings, or events; or  
 B. Call for determination of the same or substantially related or similar questions of law and fact; or  
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or  
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: List the California County, or State if other than California, in which EACH named plaintiff resides (Use an additional sheet if necessary)

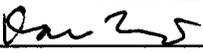
Check here if the U.S. government, its agencies or employees is a named plaintiff.  
Los Angeles

List the California County, or State if other than California, in which EACH named defendant resides. (Use an additional sheet if necessary).

Check here if the U.S. government, its agencies or employees is a named defendant.  
Los Angeles

List the California County, or State if other than California, in which EACH claim arose. (Use an additional sheet if necessary)

Note: In land condemnation cases, use the location of the tract of land involved.  
Los Angeles

X. SIGNATURE OF ATTORNEY (OR PRO PER):  Date 8/25/10

Notice to Counsel/Parties: The CV-71 (JS-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. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))