

**IN THE UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF TEXAS**

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Case No. 11-cv-1919
)	
KENNETH R. BRUCE,)	
)	
Defendant.)	

**ORDER OF DEFAULT JUDGMENT AND PERMANENT INJUNCTION
AGAINST KENNETH R. BRUCE**

Before the Court is Plaintiff's Motion for Default Judgment against Defendant, Kenneth R. Bruce, pursuant to Federal Rule of Civil Procedure 55(b). This Court entered default in accordance with Fed. R. Civ. P. 55(a). Accordingly, judgment is hereby entered in favor of the Plaintiff, United States of America, and against Defendant Kenneth R. Bruce ("Bruce").

The Court finds that Bruce has continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. § 6694, and that injunctive relief is appropriate under 26 U.S.C. § 7407 to prevent Bruce, and anyone acting in concert with him, from further engaging in such conduct. The Court finds that Kenneth Bruce prepares and/or files frivolous Forms 1040, 1099, and other IRS forms for himself or others that request fraudulent tax refunds from the United States Treasury. The Court further finds that because such conduct was continual and repeated, and because a narrower injunction would not be sufficient to prevent Bruce's interference with the proper administration of the internal revenue laws, that Bruce should be enjoined from further acting as a federal tax return preparer under 26 U.S.C. § 7407. The Court further finds that Bruce engaged in conduct subject to penalty under 26 U.S.C. § 6701, and that injunctive relief is appropriate under 26 U.S.C. § 7408 to prevent Bruce, and anyone acting in concert with him,

from further engaging in such conduct. The Court further finds that Bruce 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 equity powers and 26 U.S.C. § 7402(a) to prevent recurrence of such conduct.

Based on the foregoing and the record in this case, and for good cause shown, Plaintiff's Motion for Default Judgment Against Kenneth R. Bruce is **GRANTED**.

IT IS HEREBY ORDERED that Defendant Kenneth R. Bruce, and those persons in active concert or participation with him, are enjoined from directly or indirectly:

- (1) Acting as a federal tax return preparer, or assisting in or directing the preparation or filing of federal tax returns, amended returns, or other related documents or forms for any person or entity other than himself, or appearing as a representative on behalf of any person or organization whose tax liabilities are under examination by the Internal Revenue Service;
- (2) Engaging in conduct subject to penalty under 26 U.S.C. § 6701, including preparing and filing tax returns and other documents that understate the tax liabilities of others;
- (3) Preparing his own federal income tax returns with fabricated income-tax withholding and refunds based on amounts shown in Forms 1099-OID issued to his creditors;
- (4) Filing, providing forms for, or otherwise aiding or abetting the filing of frivolous Forms 1040, 1099, and other IRS forms for himself or others, including the notarization or signing of certificates of service or similar documents in connection with the frivolous tax returns; and
- (5) Engaging in any other conduct that is subject to penalty under the Internal Revenue Code or that interferes with the proper administration and enforcement of the internal revenue laws.

IT IS FURTHER ORDERED that Kenneth R. Bruce shall contact, within fifteen days of this Order, by United States mail and, if an e-mail address is known, by e-mail, all persons for whom he prepared federal tax returns or claims for a refund since 2008, to inform them of the permanent injunction entered against him.

IT IS FURTHER ORDERED that Kenneth R. Bruce shall produce to counsel for the United States, within fifteen days of this Order, a list that identifies by name, social security number, address, e-mail address, and telephone number and tax period(s) all persons for whom he prepared federal tax returns or claims for a refund since 2008.

IT IS FURTHER ORDERED that Kenneth R. Bruce shall provide a copy of this Order to all of his principals, officers, managers, employees, and independent contractors within fifteen days of the Court's order, and provide to counsel for the United States within 30 days a signed and dated acknowledgment of receipt of the Court's order for each person whom he provided a copy of the Court's order.

IT IS FURTHER ORDERED that the United States is permitted to engage in post-judgment discovery to ensure compliance with the terms of this permanent injunction.

IT IS FURTHER ORDERED that the Court shall retain jurisdiction over Kenneth R. Bruce and over this action to implement and enforce this Order of Permanent Injunction.

DATED this 18th day of June, 2012.


MELINDA HARMON
UNITED STATES DISTRICT JUDGE