

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ILLINOIS

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	CIVIL NO. 3:13-cv-00726-NJR-DGW
)	CJRA TRACK: C
vs.)	PRESUMPTIVE TRIAL MONTH:
)	April 2015
RONALD E. MANIS,)	
)	JUDGE: Nancy J. Rosenstengel
Defendant.)	

**STIPULATED FINAL JUDGMENT OF PERMANENT INJUNCTION
AGAINST RONALD MANIS**

Plaintiff, the United States of America, and Defendant, Ronald Manis (“the Parties”), through undersigned counsel, stipulate to the entry of this Stipulated Final Judgment of Permanent Injunction (“Injunction”) as follows:

1. The United States has filed a complaint for permanent injunction under 26 U.S.C. §§ 7407, 7408 and 7402(a) against Ronald Manis, CPA. The Parties have agreed to settle this case in accordance with the terms of this Injunction.
2. Manis admits that the Court has personal jurisdiction over him pursuant to 28 U.S.C. §§ 1340 and 1345, and subject matter jurisdiction pursuant to 26 U.S.C. §§ 7402(a), 7407(a) and 7408(a).
3. Manis, without admitting the allegations contained in the complaint, voluntarily agrees and consents to this Injunction.

4. The Parties:

- a. Waive the entry of findings of fact and conclusions of law;
- b. Agree that, with the exception of the civil penalties covered by the closing agreement between the IRS and Manis (discussed below), entry of this Injunction neither precludes the United States from pursuing any other current or future civil or criminal matters or proceedings against Manis, nor does it preclude Manis from contesting his liability in any such matter or proceeding.
- c. Agree that this Injunction will be entered under Fed. R. Civ. P. 65, and will result in the entry, without further notice, of a final judgment in this matter;
- d. Waive the right to appeal from this Injunction;
- e. Agree that the Parties will bear their own costs, including any attorneys' fees and/or other expenses of this litigation;
- f. Agree that the Court will retain jurisdiction over this matter for the purpose of implementing and enforcing this Injunction;
- g. Agree that the United States may conduct full post-judgment discovery to monitor compliance with this Injunction;
- h. Agree that upon the United States filing a motion with the Court alleging that Manis has violated the Injunction, the Court may reopen the case and hold an evidentiary hearing for the purpose of determining whether Manis has violated the Injunction. If, after the hearing, the Court finds that Manis has violated this Injunction, engaged in fraudulent and deceptive conduct,

or otherwise engaged in conduct subject to penalty under the Internal Revenue Code, the Court may enter an injunction permanently barring Manis from acting as a tax return preparer; and

- i. Finally, understand and agree that if Manis violates this Injunction, he may also be subject to civil and criminal contempt.

IT IS HEREBY STIPULATED AND AGREED that Defendant Ronald Manis, and anyone in active concert or participation with him, is enjoined pursuant to Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7402, 7407, and 7408 from directly or indirectly:

A. Preparing or filing federal tax returns, forms or documents, or advising, assisting, requesting, or instructing anyone to prepare or file federal tax returns, forms or documents that:

1. Claim a rent deduction when a shareholder/taxpayer rents any portion of his/her personal residence or real property to his employer, trade, business, or other entity, unless the rent is actually paid to the shareholder/taxpayer and the shareholder/taxpayer reports the full amount of the rental income on his/her individual income tax return for the same tax year;
2. Claim business deductions for non-deductible personal expenses on any federal tax return (individual, corporation, partnership, tax-exempt organization, or any other entity);
3. Claim commuting mileage as an unreimbursed employee business expense;

4. Claim meals and entertainment expenses as business expenses unless the deduction meets the requirements of 26 U.S.C. § 162, and the taxpayer documents the date, time, purpose, and participants in accordance with 26 U.S.C. § 274;
5. Deduct a wage for shareholders/employees unless such wage is reasonable as set forth in I.R.C. §§ 162(a)(1) and 312(a) and the regulations promulgated thereunder. Manis shall also provide clients who need to determine a reasonable wage a copy of IRS Fact Sheet 2008-25, and retain in the clients' file a copy of IRS Form 2008-25 and all other documentation establishing the reasonableness of the clients' wage.
6. Claim a 26 U.S.C. § 179 deduction unless in compliance with 26 U.S.C. § 179 and the regulations promulgated thereunder;
7. Classify any shareholder distributions as "loans to shareholders."

B. Misrepresenting Manis's ability to practice before the IRS or the status of Manis's professional licenses.

C. Making adjusting journal entries or otherwise changing trial balances, general ledgers, or other accounting records provided by the client without obtaining the client's approval of the changes in writing and documenting the basis for the adjustments/changes in the client's file;

D. Engaging in any conduct subject to penalty under I.R.C. § 6694, including preparing tax returns for clients reporting an understatement of liability due to an unreasonable position without substantial authority or more likely than not to not be sustained on its merits;

E. Engaging in any conduct subject to penalty under I.R.C. § 6701, including advising, or preparing or assisting others in the preparation of any tax forms or other documents to be used in connection with any material matter arising under the internal revenue laws and which they know will (if so used) result in the understatement of another person's tax liability;

F. Engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6695, 6701, or any other preparer penalty provision of the I.R.C.;

G. Engaging in any conduct that interferes with the administration and enforcement of the internal revenue laws;

H. Misrepresenting the terms of this Order.

IT IS FURTHER STIPULATED AND AGREED that until such time as Manis's eligibility to participate in the IRS's E-File program is reinstated, Manis shall not directly or indirectly e-file returns or otherwise attempt to contravene his suspension from the IRS's e-file program.

IT IS FURTHER STIPULATED AND AGREED that nothing in this Injunction authorizes Manis to represent taxpayers before the IRS. Any prohibition on Manis's ability to represent taxpayers before the IRS issued by the Office of Professional Responsibility shall remain in effect, subject to Manis's appeal rights.

IT IS FURTHER STIPULATED AND AGREED that Manis and the IRS shall execute a closing agreement for civil penalty assessments in the amount of \$5,000, which covers all tax return preparer civil penalty conduct under the Code as of the date the Parties signed this Injunction. Manis shall pay the \$5,000 within 90 days of executing the closing agreement.

IT IS FURTHER STIPULATED AND AGREED that for a period of five years, Manis shall maintain organized client files containing a copy of all substantiation he relied upon to determine income and deductions reported on his clients' returns. If any item of substantiation is reasonably determined to be too voluminous to maintain, or if copying such item is impracticable, Manis shall create a detailed description of the source and the nature of that substantiation, sufficient to allow the IRS to identify and request production of that substantiation at a later date. Manis shall retain each such client file for no less than three years following the preparation of the underlying return.

IT IS FURTHER STIPULATED AND AGREED that for a period of five years, Manis shall hire, at his own expense, a neutral monitor (an experienced attorney or CPA), to be selected by the Parties or by the Court if the Parties cannot agree, to review his tax return preparation work and to provide periodic reports to the Parties regarding Manis's compliance with this Injunction. Each calendar year, starting in 2014 (with returns prepared after the date of this Injunction), the monitor shall inspect and review ten (10) federal tax returns (a corporate and related individual returns shall be counted as one return for purposes of this Order) prepared or signed by Manis. Manis shall provide the monitor with a complete listing of tax returns he has prepared or signed for the tax year at issue, and the monitor shall select the ten returns for inspection and review from that listing. If Manis fails to include any tax returns he has prepared or signed on the listing provided to the monitor, or fails to provide requested tax returns to the monitor, his failures shall constitute a violation of this Injunction. Manis and his representatives, agents, servants, employees, and anyone in active concert or participation with him shall permit the monitor, within three business days of receipt of written notice from the monitor, access during normal business hours to any

office or facility storing documents of any business that Manis directly or indirectly manages, controls, or has a majority interest in, and to inspect and copy all documents, including tax returns to review, relevant to any matter contained in this Injunction. Manis shall also permit the monitor to interview Manis's principals, officers, clients, employees, independent contractors, or any other person with relevant information regarding any matter contained in this Injunction. Manis's disclosure of return information to the monitor in accordance with this Injunction will constitute disclosure for purposes of quality or peer review, as defined in 26 C.F.R. § 301.7216-2(p). By February 15 of each year, starting February 15, 2015, the monitor shall provide a written report to Manis and the United States setting forth in detail the manner and form in which the monitor has found that Manis and return preparers working for him have complied or have not complied with this Injunction. This report shall include summaries of all tax returns selected for review and the monitor's conclusions with respect to each. This report shall also include the monitor's findings of any instances of Manis engaging in fraudulent and deceptive conduct or any other conduct subject to penalty under the Internal Revenue Code. All invoices issued by the monitor for his or her services shall be paid by Manis within 14 days of receipt. Failure to timely make payment to the monitor for his or her services constitutes a violation of this Injunction.

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Agreed and submitted by:

For Plaintiff, the United States of America:


TAMARA W. ASHFORD
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Dated: 7/14/2014


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Dated: 7-10-14

Agreed to:




RONALD MANIS

Dated: 7-8-14

The Clerk shall enter judgment accordingly.

SO ORDERED this 15th day of July, 2014.



NANCY J. ROSENSTENGEL
United States District Judge