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9 Attorneys for the Plaintiff  
10 UNITED STATES OF AMERICA

11 UNITED STATES DISTRICT COURT  
12 FOR THE CENTRAL DISTRICT OF CALIFORNIA

13  
14 UNITED STATES OF AMERICA, ) Case No. CV 06-06311 RGK(CTx)  
 )  
15 Plaintiff, ) [PROPOSED] JUDGMENT  
 ) PERMANENTLY ENJOINING  
16 v. ) DEFENDANT ARNOLD C. LIBMAN  
 ) FROM ENGAGING IN CERTAIN  
17 ARNOLD C. LIBMAN, ) CONDUCT SUBJECT TO INCOME TAX  
 ) RETURN PREPARER PENALTY UNDER  
18 Defendant. ) 26 U.S.C. SECTION 6694  
19 )  
20 )  
21 )  
22 )

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24 Pursuant to the stipulation between the plaintiff, the  
25 United States of America, and the defendant, Arnold C.  
26 Libman, and the preliminary injunction entered in this case  
27 on February 5, 2007,  
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1 IT IS, ACCORDINGLY, HEREBY ORDERED, ADJUDGED, AND  
2 DECREED, that pursuant to 26 U.S.C. Sections 7407(b) and  
3 7402(a), defendant Arnold C. Libman along with his agents,  
4 servants, employees, attorneys, or any other persons in  
5 active concert or participation with him are PERMANENTLY  
6 ENJOINED from:  
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8 a. Engaging in certain conduct subject to penalty  
9 under I.R.C. Section 6694, namely preparing federal income  
10 tax returns or claims for refund that overstate the  
11 allowable amount of medical expenses, charitable contri-  
12 butions and/or employee business expenses. In furtherance  
13 of this injunction, the defendant, along with any agents,  
14 servants, employees, attorneys, or other persons in active  
15 concert or participation with him, shall comply with all  
16 applicable laws, regulations and administrative procedures  
17 in preparing any return containing Schedule A deductions,  
18 including but not limited to deductions for medical  
19 expenses, charitable contributions and/or employee business  
20 expenses, including, but not limited to, (i) ensuring that  
21 such deductions are allowable and properly documented at the  
22 time the return is prepared or filed in accordance with  
23 applicable Treasury Publications including the official  
24 instructions in Treasury Publication 17 Tax Guide for  
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1 Individuals), Pub. 526 (Charitable Contributions), Pub. 8283  
2 (Noncash Charitable Contributions), Pub. 529 (Misc.  
3 Deductions), Pub. 535.(Bus. Expenses), Pub. 587 (Bus. Use of  
4 Your Home), Pub. 946 (How to Depreciate Property) and the  
5 official instructions to Form 1040, Sch. A to Form 1040,  
6 Form 2106 and 2106-EZ, and Form 8283, retaining copies of  
7 such documentation for examination by the IRS, (ii)  
8 explaining these deductions to each customer and pointing  
9 out to the customer their location(s) on the return before  
10 the customer signs the return, (iii) completing and  
11 attaching any and all required Treasury Forms for such  
12 deductions, including but not limited to Form 8283 for  
13 Noncash Charitable Contributions totaling \$500 or more and  
14 Form 2106 or 2106-EZ for Employee Business Expenses, and  
15 (iv) ensuring that such deductions are properly itemized and  
16 reported on Schedule A of the return in accordance with the  
17 official instructions thereto and the relevant Treasury  
18 Publications identified above. Further, the defendant along  
19 with any agents, servants, employees, attorneys, or other  
20 persons in active concert or participation with him, is  
21 permanently enjoined from advising or suggesting that a  
22 taxpayer's cost basis in goods donated to a charitable  
23 organization may be used as the fair market value of those  
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1 goods for purpose of determining the taxpayer's charitable  
2 deduction amount;

3       b. Engaging in conduct subject to penalty under  
4 I.R.C. Section 6701, "Penalties for Aiding and Abetting  
5 Understatement of Tax Liability," including preparing or  
6 assisting in the preparation of a document related to a  
7 matter material to the internal revenue laws that he knows  
8 will (if so used) result in an understatement of another  
9 person's tax liability;

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11       c. Instructing, advising, or assisting other persons  
12 to understate their federal tax liabilities;

13  
14       d. Engaging in any other conduct that interferes with  
15 the proper administration and enforcement of the internal  
16 revenue laws; and

17       e. Misrepresenting any of the terms of this injunc-  
18 tion.

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20       If, after the date of this order, the defendant resumes  
21 preparing (or helping to prepare) federal income tax  
22 returns, amended returns, refund claims, or other federal  
23 tax-related documents, he shall inform each of his customers  
24 about the terms of this order. Further, on or before the  
25 last day of August each year, he shall produce to the IRS,  
26 care of Revenue Agent Carol Lee, 300 N. Los Angeles Street,  
27

1 Examination Division, Los Angeles, California, 90012, a list  
2 of all of his customers for the previous calendar year,  
3 providing name, address, phone number and/or email address,  
4 and social security number/EIN for each such customer.

5  
6 4. Nothing in this order shall be construed to  
7 compromise, preclude or otherwise affect any other pro-  
8 ceedings against or involving the defendant, civil or  
9 criminal, whether not pending or hereafter commenced. The  
10 United States may engage in discovery under the Federal  
11 Rules of Civil Procedure to monitor compliance with the  
12 terms of this order, and this Court shall retain  
13 jurisdiction for the purpose of implementing and enforcing  
14 this order and all additional orders necessary and  
15 appropriate to the public interest.

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17 5. The parties hereto shall bear their respective  
18 costs, including any possible attorneys' fees or other  
19 expenses of this litigation.

20  
21 Dated: January 7, 2009

22   
23 R. GARY KLAUSNER  
UNITED STATES DISTRICT JUDGE

24 Presented by:

25 THOMAS D. COKER  
26 United States Attorney  
27 SANDRA R. BROWN

1 Assistant United States Attorney  
2 Chief, Tax Division

3 THOMAS D. COKER  
4 Assistant United States Attorney

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6 United States v. Arnold C. Libman,  
7 CV 06-6311-RGK (Ctx)  
8 Judgment Permanently Enjoining Defendant  
9 Arnold C. Libman From Engaging in Certain  
10 Conduct Subject to Income Tax Return  
11 Preparer Penalty Under 26 U.S.C. Section 6694  
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