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FILED
CLERK, U.S. DISTRICT COURT
AUG - 4 2004
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

SCANNED

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Attorneys for United States of America

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

CLERK, U.S. DISTRICT COURT
JUL 29 2004
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

UNITED STATES OF AMERICA

Plaintiff,

v.

ARNE R. RISTOL, Individually
and d/b/a Kismet Trust

Defendant.

Civil No. CACV03-7015 MMM (CTx)

STIPULATED FINAL JUDGMENT
OF PERMANENT INJUNCTION
AGAINST ARNE R. RISTOL,
INDIVIDUALLY AND D/B/A
KISMET TRUST

Plaintiff United States of America has filed a Complaint for Permanent Injunction against Arne R. Ristol, in his individual capacity and as the owner/operator of Kismet Trust (collectively referenced as "Arne Ristol"). Arne Ristol neither admits nor denies the allegations of the Complaint, except that he admits that the Court has jurisdiction over him and over the subject matter of this

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1 action.

2 Arne Ristol waives the entry of findings of fact and conclusions of law and
3 consents to the entry of this Final Judgment of Permanent Injunction without
4 admitting or denying that grounds exist for imposition of an injunction.

5 NOW, THEREFORE, it is accordingly ORDERED, ADJUDGED AND
6 DECREED that:

7 1. The Court has jurisdiction over this action pursuant to 28 U.S.C. §§
8 1340 and 1345, and 26 U.S.C. §§ 7402(a), 7407, and 7408.

9 2. The Court finds that Ristol has neither admitted nor denied the United
10 States' allegations that he has engaged in conduct that is subject to penalty under
11 26 U.S.C. §§ 6694, 6695, 6700, and 6701 and that interferes with the enforcement
12 of the internal revenue laws.

13 3. The Court finds that Ristol has consented to the entry of judgment for
14 injunctive relief pursuant to 26 U.S.C. §§ 7407, 7408 and 7402(a) to prohibit him
15 from: (1) acting as a federal-income-tax-return preparer (as defined in 26 U.S.C. §
16 7701(a)(36)) except as restricted by this injunction; (2) organizing or selling
17 abusive tax shelters, plans, or arrangements that advise or encourage taxpayers to
18 attempt to evade the assessment or collection of their correct federal tax; (3)
19 engaging in conduct subject to penalty under 26 U.S.C. §§ 6700, 6701, 6694, or
20 6695; (4) engaging in conduct that substantially interferes with the enforcement of
21 the internal revenue laws; and (5) promoting any false or fraudulent tax scheme.

22 4. It is furthered ORDERED, ADJUDGED AND DECREED that Ristol,
23 individually and doing business under any other name or using any other entity,
24 and his representatives, agents, servants, employees, attorneys, and those persons
25 in active concert or participation with them, are permanently enjoined and
26 restrained from, directly or indirectly, by the use of any means or instrumentalities:

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1
2 (a) Preparing or assisting in the preparation of federal-income-tax returns
3 for others, except for the following limited number of simple
4 individual returns as more particularly described as follows:

- 5 (1) The number of returns may not exceed twelve each year;
- 6 (2) The returns can be only individual Form 1040 or 1040A
7 returns.
- 8 (3) No returns for persons who have, or have had, dealings with
9 foreign companies or companies doing business in offshore
10 jurisdictions.
- 11 (4) No returns for persons who have, or have had, an interest in a
12 trust.
- 13 (5) No returns for persons who have formerly owned assets now
14 owned by a trust.

15 Each year beginning 2005, by May 1 of that year, Arne Ristol will
16 submit to the address stated below a statement listing the names and
17 social security numbers of those persons for whom he has prepared
18 returns for the previous tax year, or stating that he prepared no returns
19 for that tax year.

20
21 Program Manager
22 SB/SE Lead Development Center
23 24000 Avila Road MS 5040
24 Laguna Niguel, California 92677-3405

- 25 (b) Engaging in activity subject to penalty under 26 U.S.C. § 6700,
26 including selling, organizing, or participating in a trust or other entity
27 that results in the understatement of taxes, or making any statement
28 regarding tax related matters that he knows or have reason to know is
false or fraudulent as to any material matter;
- (c) Engaging in activity subject to penalty under 26 U.S.C. § 6701,
including preparing and/or assisting in the preparation of a document
related to a matter material to the internal revenue laws that includes a
position that he knows will result in an understatement of tax
liability;
- (d) Making any statements, whether written or oral, that are likely to
incite others to imminently violate the law, including to evade the
assessment, payment, and collection of taxes;
- (e) Assisting or aiding others to violate the law, including to evade the
assessment and payment of taxes, through any means.
- (f) Engaging in other activity that hinders the enforcement of internal
revenue laws, including instructing and assisting others to file
frivolous lawsuits or to disrupt and impede IRS audits.

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- 1 (g) Engaging in any conduct subject to penalty under 26 U.S.C. § 6694,
2 *i.e.*, preparing any part of a return or claim for refund that includes an
unrealistic position;
- 3 (h) Engaging in any other activity subject to injunction or penalty under
4 26 U.S.C. §§ 7407, 6694 or 6695, including fraudulent or deceptive
conduct that substantially interferes with the proper administration of
5 the internal revenue laws; and
- 6 (i) Representing any person other than himself at the IRS administrative
level, including an IRS audit or Appeals conference.

7 5. It is further ORDERED that Ristol provide a complete list of people
8 for whom Arne R. Ristol, individually or doing business as Kismet Trust, created a
9 trust, provided advice concerning a trust, or held a position with a trust from
10 January 1, 1999 through the present. This list shall include names, addresses,
11 phone numbers, e-mail addresses, and social security numbers or employer
12 identification numbers. The list shall be delivered to counsel for the United States
13 within eleven days of the date of this Order.

14 6. It is further ORDERED that Arne Ristol, at his own expense, provide
15 a copy of this injunction to each of his and Kismet Trust's current customers
16 within eleven days of the date of this Order. Arne Ristol shall file a sworn
17 certificate of compliance stating that he has complied with this portion of the
18 Order, within eleven days of the date of this Order.

19 7. The United States shall be entitled to conduct post-judgment
20 discovery permitted under the Federal Rules of Civil Procedure to monitor Arne R.
21 Ristol's compliance with the terms of this Final Judgment of Permanent
22 Injunction, including discovery relating to customer lists and employee lists.
23 Nothing in this order shall be construed to prevent the United States from
24 conducting discovery of Arne Ristol otherwise permitted under the Federal Rules
25 of Civil Procedure.

26 8. This Court shall retain jurisdiction over this action to implement and
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1 enforce this permanent injunction and all other decrees and orders necessary or
2 appropriate to the public interest.

3 9. Each party to this stipulation shall bear its own costs.
4

5
6 IT IS SO ORDERED this 2nd day of August, 2004.
7

8 *Margaret M. Morrow*
9

10 MARGARET M. MORROW
11 United States District Court Judge
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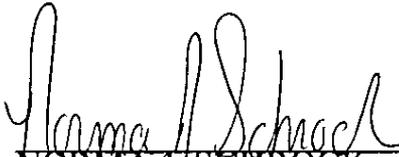
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STIPULATION APPROVED AS TO FORM AND CONTENT:

DEBRA W. YANG
United States Attorney
EDWARD M. ROBBINS, JR.
Assistant United States Attorney
Chief, Tax Division
ROBERT F. CONTE (SBN 157582)
Assistant United States Attorney

7/28/04
Date



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U.S. Department of Justice
PO Box 683
Ben Franklin Station
Washington DC 20044
Telephone: (202) 305-0868
Facsimile: (202) 307-0054

Date

- fax signature attached -

ARNE R. RISTOL
12285 Skyline Drive
Desert Hot Springs, California 92240

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Date

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7/27/04

Date

Arne R. Ristol
ARNE R. RISTOL
12285 Skyline Drive
Desert Hot Springs, California 92240

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PROOF OF SERVICE BY MAILING

I am over the age of 18 and not a party to the within action. I am employed by the Office of the United States Attorney, Central District of California. My business address is 300 North Los Angeles Street, Suite 7211, Los Angeles, California 90012.

On, July 29, 2004 I served

**STIPULATED FINAL JUDGMENT OF PERMANENT
INJUNCTION AGAINST ARNE R. RISTOL, INDIVIDUALLY
AND D/B/A KISMET TRUST**

On each person or entity named below by enclosing a copy in an envelope addressed as shown below and placing the envelope for collection and mailing on the date and at the place shown below following our ordinary office practices. I am readily familiar with the practice of this office for collection and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service in a sealed envelope with postage fully prepaid.

SEE ATTACHED SERVICE LIST

Date of mailing: July 29, 2004

Place of mailing: Los Angeles, California;

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

I declare that I am employed in the office of a memb2RRer of the bar of this court at whose direction the service was made.

Executed on: July 29, 2004, Los Angeles, California.


GLORIA R. SANDOVAL

SCANNED

1 USA vs. Arne R. Ristol
Case No. CA CV 03-7015 MMM(CTx)

3 Service List:

4 Arne Ristol
12285 Skyline Drive
5 Desert Hot Springs, CA 92240

7 Courtesy Copy to:

8 Robert S. Watkins, Esquire
Chief, Civil Trial Section
9 Western Region
U.S. Dept. of Justice
10 Tax Division
P.O. Box 683 Ben Franklin Station
11 Washington, D.C. 20044-0683

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