

**IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF FLORIDA
PANAMA CITY DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

CASE NO. 5:11-cv-326-RS-CJK

JUDY GRACE SELLERS,

Defendant.

_____ /

DEFAULT JUDGMENT OF PERMANENT INJUNCTION

Default judgment is entered against Defendant JUDY GRACE SELLERS and in favor of Plaintiff UNITED STATES OF AMERICA. The United States is entitled to a default judgment against Sellers based on her failure to cooperate in discovery and failure to comply with the Court's discovery order (Doc. 62). The United States is entitled to a permanent injunction against Sellers pursuant to 26 U.S.C. §§ 7408 and 7402. The United States has established the truth of the allegations in its First Amended Complaint – that defendant Judy Grace Sellers is engaging in conduct subject to penalty under 26 U.S.C. §§ 6700 and 6701 and is interfering with the administration of the internal revenue laws. Sellers has engaged in conduct subject to penalty under 26 U.S.C. § 6700(a)(2)(A). By promoting the Secured Party Creditor position on her website, www.commercialredemption.com, Sellers organized, promoted and sold, or assisted in organizing, promoting and selling, a plan or arrangement to defraud the United States Treasury. In doing so, Sellers made or furnished, or caused to be made or furnished, false or fraudulent statements with respect to a taxpayer's ability to claim false withholding

and other tax benefits. Sellers knew or had reason to know that her statements were false or fraudulent, because they were predicated on the submission of false or fraudulent documents to the IRS. Sellers has also engaged in conduct subject to penalty under 26 U.S.C. § 6701. Sellers prepared and/or aided, and/or assisted in, and/or advised in the preparation of fraudulent Forms 56, Notice of Fiduciary Relationship. Sellers prepared and/or aided, and/or assisted in, and/or advised in the preparation of fraudulent Forms W-8 BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding. Sellers prepared and/or aided, and/or assisted in, and/or advised in the preparation of fraudulent forms 1099-OID, and other fraudulent tax forms. Sellers knew that the filing of the fraudulent documents would result in drastically understating other taxpayers' federal income tax liabilities. Injunctive relief is appropriate to prevent recurrence of Sellers' conduct.

The United States has presented persuasive evidence that it and the public will suffer irreparable harm in the absence of the permanent injunction, and that Sellers will suffer little, if any harm if the permanent injunction order is granted. The United States' evidence and argument convinces the Court that Sellers' tax positions are frivolous, and that the public interest will be served through granting the permanent injunction. The United States' evidence also shows that absent this permanent injunction, Sellers will continue to violate 26 U.S.C. §§ 6700 and 6701 and to interfere with the administration of the internal revenue laws. A permanent injunction under 26 U.S.C. §§ 7408 and 7402 is necessary and appropriate for the enforcement of the internal revenue laws. Provision to the United States of a list, and contact information for, all persons to whom Sellers

sold a document preparation package, will allow a reasonable means for the United States to track compliance with the injunction to which it is entitled.

Pursuant to 28 U.S.C. §§ 7408 and 7402 and Fed. R. Civ. P. 65,

IT IS ORDERED:

Defendant Judy Sellers and her representatives, servants, employees and anyone acting in active concert or participation with her, is enjoined from:

- A. Directly or indirectly organizing, promoting, marketing, or selling any plan or arrangement that advises or assists taxpayers to attempt to violate internal revenue laws or unlawfully evade the assessment or collection of their federal tax liabilities, including promoting, selling, or advocating the “Secured Party Creditor” document preparation service, “redemption scheme” or “strawman” scheme based on the false claims that:
 - i. Taxpayers can name the Secretary of the Treasury as their fiduciary and/or can draw on the Treasury of the United States to pay their tax debt or other debt using Forms 1099-OID, bonded promissory notes, sight drafts or other documents;
 - ii. Taxpayers can issue false Forms 1099-OID to a creditor and report the amount on the false Form 1099 as income taxes withheld on their behalf; and
 - iii. Taxpayers have an account with the Treasury Department which they can use to pay their debts or which they can draw on for refunds through a process that is often called “redemption” or “commercial redemption.”

- B. Engaging in conduct subject to penalty under 26 U.S.C. § 6700, including organizing or selling a plan or arrangement and making or furnishing a statement regarding the excludability of income or securing any other tax benefit that Sellers knows or has reason to know is false or fraudulent as to any material matter;
- C. 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;
- D. Preparing her own federal income tax returns claiming false income withholding and refunds based on false amounts shown on fabricated Forms 1099-OID issued to Sellers' creditors;
- E. Filing, providing forms for, or otherwise aiding and abetting the preparation and/or filing of frivolous Forms 56 Notice of Fiduciary, W-8 BEN, 1040 or 1099 for herself or others, including the notarization or signing of certificates of service or similar documents in connection with creating a "Secured Party Creditor" position, or otherwise filing frivolous tax returns;
- F. 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.

Defendant Judy Grace Sellers shall, not later than July 15, 2013:

- A. Remove all content from the website www.commercialredemption.com and replace it with a copy of this Judgment for a period of three years; and

B. Provide to counsel for the United States a list, including names, addresses, and e-mail addresses, of all persons to whom Sellers sold a document preparation package between January 1, 2011, and the May 30, 2013, to enable the United States to monitor Sellers' compliance with this provision.

ORDERED on May 31, 2013.

/s/ Richard Smoak
RICHARD SMOAK
UNITED STATES DISTRICT JUDGE