

IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,

Plaintiff,

v.

RUHLAND LAW OFFICE, LTD. and
DOUGLAS A. RUHLAND,

Defendants.

JUDGMENT IN A CIVIL CASE

Case No. 15-cv-2423 ADM/LIB

Jury Verdict. This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

Decision by Court. This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED that the United States' Motion is **GRANTED**. **IT IS FURTHER ORDERED AND ADJUDGED** that the default judgments are hereby entered against Defendants RLO and Ruhland. Both Defendants shall be subject to an injunction under 26 U.S.C. § 7402(a) consistent with this Court's Order.

COUNT I – Injunction Pursuant to 26 U.S.C. § 7402(a)

The Court finds that defendants RLO and Ruhland have engaged in conduct that interferes with the enforcement of the internal revenue laws by failing to collect and pay

over to the IRS the employment tax obligations of RLO as such liabilities become due and that injunctive relief under 26 U.S.C. § 7402(a) is necessary and/or appropriate to stop the conduct of RLO and Ruhland;

IT IS ORDERED:

- 1) This injunction is issued to prevent Ruhland and RLO from “pyramiding” its employment taxes by accruing federal tax liabilities beyond RLO’s ability to pay the liabilities as they become due. This injunction is warranted under 26 U.S.C. § 7402(a) as necessary or appropriate for the enforcement of the internal revenue laws.
- 2) This Injunction Order authorizes enforceable injunctive relief and, if any provision of this Injunction Order is violated, the injunction can be enforced by the United States or the Court through the mechanisms set forth in paragraph 3(j) below.
- 3) An injunction shall issue as follows from the date of this Order:
 - a. Parties Covered by Injunction: this injunction binds Ruhland and RLO, as well as any other officer, shareholders, agents, employees, and persons in concert or participation with RLO, in whatever form they continue to carry on RLO’s business in the name of Ruhland Law Office, or any other name. This injunction also binds Ruhland with respect to any other business or other endeavor in which he, or any other entity he owns, controls or manages, pays employees and incurs any type of payroll tax.

- b. Withholding Requirement: RLO and/or Ruhland shall withhold federal income, Federal Insurance Contributions Act (“FICA”), Social Security, and Medicare taxes from the wages of RLO’s employees when wages are paid, shall keep the withheld funds in a bank account separate from RLO’s operating account or other accounts, and shall pay the withheld taxes to the Internal Revenue Service as they become due.
- c. Deposit Requirements: In accordance with federal deposit regulations, RLO and/or Ruhland shall timely make deposits of withheld FICA taxes, as well as RLO’s share of FICA taxes, employment taxes, and Federal Unemployment Tax Act (“FUTA”) taxes, in an appropriate federal depository bank. RLO and/or Ruhland shall also timely deposit FUTA taxes in an appropriate federal depository bank each quarter, in accordance with the federal deposit regulations.
- d. Within three days after RLO and/or Ruhland makes a timely federal tax deposit as required by paragraph (c), RLO and/or Ruhland shall send by mail to IRS Revenue Officer Brendan Keating at 6200 Shingle Creek Parkway, Ste. 610, Brooklyn Center, MN 55430, or to such other IRS employee designated by the IRS, the receipt, deposit slip, or other proof that the employment tax deposit has been made, and a copy of the payroll report showing the amount that should be deposited. Ruhland shall also sign and deliver an affidavit to Brendan Keating, or to such other person or location as the IRS designates in writing, on the first day

of each month, stating that Ruhland has personally ensured that for each pay period during the prior month, the required federal income taxes, FICA, and FUTA taxes were fully deposited and timely made. If RLO does not pay its payroll at the regularly scheduled time, it shall send a letter within two business days of its regularly scheduled payroll date stating that the payroll was not paid and stating the date it will be paid. This letter shall be sent to Brendan Keating, or such other employee of the IRS who the IRS designates in writing, at 6200 Shingle Creek Parkway, Ste. 610, Brooklyn Center, MN 55430.

- e. Return Requirements: RLO and/or Ruhland shall timely file with the IRS all of its employment (Form 941) and unemployment (Form 940) tax returns. When RLO and/or Ruhland files its Form 941 and 940, it shall also provide a copy to Brendan Keating, (or such other employee of the IRS who the IRS designates in writing), at 6200 Shingle Creek Parkway, Ste. 610, Brooklyn Center, MN 55430. RLO and/or Ruhland shall pay any balance due on those returns upon filing.
- f. Employment Tax Priority: From the date this injunction is entered, RLO and/or Ruhland shall be prohibited from paying its other creditors before paying its federal employment tax debts as they come due.
- g. Transfer Prohibition: RLO and/or Ruhland and those persons in concert or participation with RLO are prohibited from transferring, disbursing, or assigning any money, property, or assets after the date of the

injunction order if the employment tax deposits required by paragraph (c) of this Injunction Order have not been fully made for any tax period;

- h. Notification of New Business: For the next five years, RLO and/or Ruhland shall notify Revenue Officer Brendan Keating, or such other IRS employee who is designated by the IRS, of any new or presently operating company or entity with which RLO becomes involved in relation to federal employment tax withholding, depositing, or reporting and shall also inform the IRS if RLO assumes a new name or transfers its employees or business operations to another entity. RLO shall provide such notification within 10 days after the aforementioned actions. For the next five years, Ruhland shall notify Revenue Officer Brendan Keating, or such other IRS employee who is designated by the IRS, within 10 days of any new company Ruhland may come to own, manage, or work for during the term of this injunction.
- i. Term of Injunction: If RLO and Ruhland comply with the terms of this injunction for five years from the date the injunction is issued, RLO and Ruhland may move this Court to dissolve the injunction order at a hearing to be set in 2020.
- j. Failure to Comply: If RLO, Ruhland, or anyone subject to this injunction violates any part of this injunction, the following enforcement mechanisms may be taken:

- i. the IRS may seize the business property of RLO or any other entity that RLO uses, directs, or controls as part of its business-related consulting work, and may sell the seized property to satisfy RLO's outstanding tax liabilities; and
 - ii. the Court may find RLO and/or Ruhland in civil or criminal contempt of this Court and punish the violator with a fine, incarceration, or both.
 - k. Enforcement of Injunction: The United States shall be permitted to take discovery during the term of the injunction to assure RLO and Ruhland are in compliance with the injunction. The Court shall retain jurisdiction of this action for the purpose of implementing and enforcing this injunction and entering all additional decrees and orders necessary and appropriate for the public interest.
- 4) RLO and Ruhland shall deliver to all of their current employees and any former employees employed at any time since September 30, 2005, a copy of this Order.
 - 5) Judgment is hereby entered against each Defendant and in favor of the United States consistent with Judge Ann D. Montgomery's Order issued on 10/29/2015 (Docket Entry No. 18).

**COUNT II – Reduce Employment Tax Assessments Against
RLO to Judgment**

Judgment is hereby entered in favor of the United States and against RLO for the following tax liabilities, plus interest accruing after August 31, 2015:

Form	Period Ending	Assessment Date	Total Due
941	9/30/2005	12/5/2005	\$6,512.43
941	12/31/2005	4/3/2006	\$8,505.93
941	3/31/2006	6/12/2006	\$1,951.88
941	9/30/2008	1/5/2009	\$2,232.62
941	12/31/2008	4/6/2009	\$7,286.23
941	3/31/2009	6/1/2009	\$6,537.18
941	9/30/2011	12/5/2011	\$1,241.08
941	12/31/2011	3/26/2012	\$3,989.52
941	3/31/2012	9/10/2012	\$4,300.86
941	6/30/2012	10/1/2012	\$568.74
941	9/30/2012	12/24/2012	\$1,606.59
941	12/31/2012	3/18/2013	\$4,796.02
941	3/31/2013	10/14/2013	\$492.14
941	6/30/2013	10/7/2013	\$766.62
941	9/30/2013	3/3/2014	\$1,116.53
941	12/31/2013	3/10/2014	\$7,730.20
941	12/31/2014	4/6/2015	\$6,671.09
<u>TOTAL:</u>			<u>\$66,305.66</u>

**COUNT III – Reduce Unemployment Tax Assessments Against
RLO to Judgment**

Judgment is hereby entered in favor of the United States and against RLO for the following tax liabilities, plus interest accruing after August 31, 2015:

Form	Period Ending	Assessment Date	Total Due
940	12/31/2009	2/11/2013	\$8,169.88
940	12/31/2010	2/4/2013	\$7,939.23
940	12/31/2011	2/11/2013	\$759.03
<u>TOTAL:</u>			<u>\$16,868.14</u>

**COUNT IV – Reduce Trust Fund Recovery Penalties Against
Douglas A. Ruhland to Judgment**

Judgment is hereby entered in favor of the United States and against Douglas A. Ruhland for the following 26 U.S.C. § 6672 tax liabilities, plus interest accruing after August 31, 2015:

Period Ending	Assessment Date	Total Due
9/30/2005	1/1/2007	\$2,750.78
12/31/2005	1/1/2007	\$3,377.06
9/30/2008	11/9/2009	\$1,387.14
12/31/2008	11/9/2009	\$2,740.60
3/31/2009	11/9/2009	\$2,698.82
9/30/2011	10/21/2013	\$995.39

12/31/2011	10/21/2013	\$1,400.67
3/31/2012	10/21/2013	\$1,400.67
6/30/2012	10/21/2013	\$440.55
9/30/2012	10/21/2013	\$816.90
<u>TOTAL:</u>		<u>\$18,008.58</u>

COUNT V – Reduce 2011 Federal Income Tax Assessment against Douglas A. Ruhland to Judgment

Judgment is hereby entered in favor of the United States and against Douglas A. Ruhland in the amount of \$1,284.39, plus interest accruing after August 31, 2015 for Ruhland’s 2011 federal income tax liability.

November 02, 2015
Date

RICHARD D. SLETTEN, CLERK

s/Thomas S. Schappa
By: Thomas S. Schappa, Deputy Clerk