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IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEVADA  
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CLERK US DISTRICT COURT/ DISTRICT OF NEVADA	
BY:	DEPUTY

UNITED STATES OF AMERICA,

Plaintiff

v.

NATIONAL AUDIT DEFENSE NETWORK,  
et al.,

Defendants.

CV-S-04-0455-LDG-LRL

STIPULATED FINAL  
JUDGMENT OF PERMANENT  
INJUNCTION

**STIPULATED FINAL JUDGMENT OF PERMANENT INJUNCTION AGAINST  
DEFENDANT JOSEPH M. PROKOP**

Plaintiff United States of America has filed a Complaint for Permanent Injunction against, among others, Joseph M. Prokop. Prokop neither admits nor denies the allegations of the Complaint, except he admits that the Court has jurisdiction over him and over the subject matter of this action.

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

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

1. The Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1340 and 1345, and 26 U.S.C. §§ 7402(a), 7407, and 7408.
2. The Court finds that Prokop has neither admitted nor denied the United States' allegations that he has engaged in conduct that is subject to penalty under 26 U.S.C. §§ 6694, 6695, 6700, and 6701 and that interferes with the enforcement of the internal revenue laws.
3. The Court finds that Prokop has consented to the entry of judgment for injunctive relief

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pursuant to 26 U.S.C. §§ 7407, 7408 and 7402(a) to prohibit him from: (1) acting as a federal-income-tax-return preparer (as defined in 26 U.S.C. § 7701(a)(36)); (2) organizing or selling abusive tax shelters, plans, or arrangements that advise or encourage taxpayers to attempt to evade the assessment or collection of their correct federal tax; (3) engaging in conduct subject to penalty under 26 U.S.C. §§ 6700, 6701, 6694, or 6695; (4) engaging in conduct that substantially interferes with the enforcement of the internal revenue laws; and (5) from promoting any false or fraudulent tax scheme.

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

- a. Preparing or assisting in the preparation of federal-income-tax returns for others;
- b. Organizing, promoting, or selling the Mallforall, Shopn2000, or TaxBreak2000 websites or any similar arrangements that facilitate or advocate noncompliance with the income tax laws or tax evasion or misrepresent the tax savings realized by using the arrangements;
- c. Making false representations that:
  - (i) potential customers may take business tax deductions or credits without regard to whether the individuals have a *bona fide* business or business purpose in claiming the tax deductions or credits;
  - (ii) potential customers may claim the 26 U.S.C. § 44 disabled-access tax credit for any website modification (unless and until the Secretary of the Treasury promulgates regulations, pursuant to § 44(c)(5), that permit such use of the credit); or

- (iii) potential customers may claim the 26 U.S.C. § 44 disabled-access tax credit and § 162 trade or business expense on their federal-income-tax returns, even if they have no *bona fide* business, the expense is not reasonable and necessary, or the business modification is sold along with the business itself;
- d. Engaging in activity subject to penalty under 26 U.S.C. § 6700, *i.e.*, organizing, promoting, or selling a plan or arrangement and making statements regarding the excludibility of income and the IRS's filing requirements or the securing of any other tax benefit that he knows or has reason to know are false or fraudulent as to any material matter;
- e. Engaging in activity subject to penalty under 26 U.S.C. § 6701, *i.e.*, 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 or has reason to know will, if used, result in an understatement of tax liability; and
- f. Engaging in other similar conduct that interferes with the administration or enforcement of the internal revenue laws.

5. It is furthered ORDERED, ADJUDGED AND DECREED that Prokop shall send, either individually or in conjunction with other defendants, a copy of this injunction order, along with a court-approved cover letter, to all persons for whom he has, since 1999, prepared or assisted in the preparation of federal tax returns or to whom he has sold or distributed, either directly or indirectly, the Shopn2000, Mallforall, or TaxBreak 2000 tax plans, arrangements, or programs, or any other shelter, plan, or program in which he has been involved since 1999, and, within 45 days of the date of this Order, he shall file with this Court a certification stating that he has done so.

6. It is furthered ORDERED, ADJUDGED AND DECREED that Prokop shall provide, either individually or in conjunction with other defendants, to the United States a list of the names, telephone numbers, addresses, e-mail addresses, and social security or employer identification numbers of all individuals and entities: (1) for whom he has prepared or assisted in the

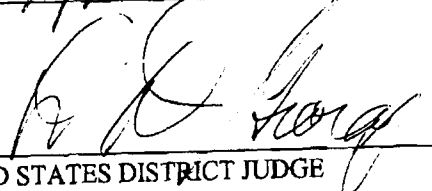
preparation of federal tax returns since 1999; or (2) to whom he has sold or distributed, either directly or indirectly, tax plans, arrangements, or programs, or any other shelter, plan or program in which they have been involved since 1999. Prokop, either individually or in conjunction with other defendants, shall also provide to the United States all documents identifying these individuals and entities. Prokop, either individually or in conjunction with other defendants, shall provide or give unrestricted access to this information to the Government and file with this Court a certification stating that he has done so within 45 days of the date of this Order.

7. It is further ORDERED, ADJUDGED AND DECREED that the Court shall retain jurisdiction over this action to implement and enforce this Final Judgment of Permanent Injunction and all other decrees and orders necessary or appropriate to the public interest.

8. The United States shall be entitled to conduct discovery permitted under the Federal Rules of Civil Procedure to monitor the Prokop's compliance with the terms of this Final Judgment of Permanent Injunction.

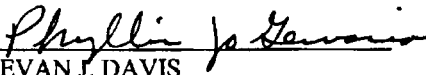
9. Each party to this stipulation shall bear its own costs.

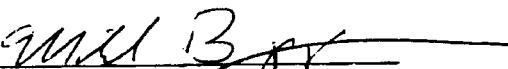
IT IS SO ORDERED this 30 day of April, 2004.

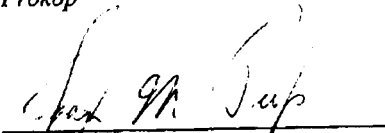
  
 UNITED STATES DISTRICT JUDGE

Stipulation approved as to form and content:

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