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IRS Enters Into Settlement Agreement With Top Firm Arnold & Porter the latest to be effected in IRS's continued push against tax cheats and tax shelters as the government continues to press on

The onslaught continues.

The Internal Revenue Service's latest victim: Arnold & Porter, an international law firm and a heavyweight in the corporate world.

The IRS reached a settlement agreement with Arnold & Porter in September which required the law firm to pay a civil tax promoter penalty.

The settlement relates to the firm's failure in 2000, 2001 and 2002 to comply with tax shelter registration requirements and its participation in the organization of the following listed transactions that were sold to high-net worth individuals and corporations: Partnership Option Portfolio Securities (POPS), Personal Investment Corporation (PICO), and Family Office Customized Partnerships (FOCUS).

According to the IRS, Arnold & Porter cooperated with the government's examination. The firm has put into place a compliance program designed to assure ongoing adherence to all tax shelter disclosure and list maintenance requirements of the Internal Revenue Code and related laws.

"Today a former Arnold & Porter partner pled guilty to charges that arose in connection with a government investigation of certain tax shelter transactions that took place in the time period 2000 to 2002," the firm said in a prepared statement distributed to the news media.

"We have cooperated fully with the government. The firm previously entered a civil settlement with the Internal Revenue Service in connection with these transactions, and has resolved all related private civil claims."

The settlement with Arnold & Porter comes after several years of highly aggressive IRS action toward tax cheats, tax promoters and institutions that help taxpayers avoid their obligations.

Recent actions have included:

- Requiring all U.S. citizens to report to the IRS any offshore bank accounts they use.
- The U.S. government announced it was taking action against more than 100 U.S. taxpayers who used bank accounts in Liechtenstein to evade taxes here at home.
- One out of 11 individuals with incomes of \$1 million or more faced an audit in 2007.
- The IRS launched an audit program that randomly selected 13,000 taxpayers.
- Mellon Bank entered into a civil settlement agreement with the United States and agreed to pay \$16.5 million for civil damages and penalties under the federal False Claims Act.

Of course, these are just a few examples of recent actions.

But if you're considering cheating on your taxes, you might want to keep these in mind.

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