



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

Date: **APR 16 2003**

Person To Contact M. Steberg ID# 33-07883
SB/SE Compliance Area 14
801 Civic Center Drive West
Santa Ana CA 92701

Telephone Number: 714 347-9503

Date and Time of Examination: May 15, 2003
10:00am

Dear Mr. Mottahedeh:

We have reviewed certain materials with respect to your tax shelter promotion(s) including, but not limited to, Freedom Law School and related promotions. We are considering possible action under Sections 6700, 6701, 7402, 7407 and 7408 of the Internal Revenue Code. These sections relate to penalties and injunctions for aiding and abetting in the understatement of tax liabilities, and/or for promoting abusive tax shelters. In addition, if we determine that one of the aforesaid sections applies to you, or your promotions (s), we may issue "pre-filing notification" letters to the participants who have participated in the promotions(s).

We have scheduled a meeting for May 15, 2003 at 10AM. The location of the meeting will be 801 Civic Center Drive, Suite 200, Santa Ana, CA 92701. No extension of time will be granted for this meeting; however, an earlier date may be considered.

Please bring to the meeting all documents you would like us to consider in determining whether penalties and/or an injunction are appropriate. In addition, please bring to the conference all items listed in the enclosed Information Document Request (Form 4564). Please be advised that we may make photocopies of any documents you provide.

If you have any questions, please call Marynell Steburg (714) 347-9503. You may also write to Ms. Steburg at 801 Civic Center Drive, Suite 200, Santa Ana, CA 92701.

Sincerely yours,

Frank P. Nixon
Area Director
SB/SE Compliance Area 14

Enclosures:
Publication 609
Form 4564, Information Document Request
Letter 3164P



Department of the Treasury
Internal Revenue Service

Notice 609

(Revised July 2002)

Privacy Act Notice

The Privacy Act of 1974 says that when we ask you for information, we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if you do not provide it and whether or not you must respond under the law.

This notice applies to tax returns and any papers filed with them. It also applies to any questions we need to ask you so we can complete, correct, or process your return; figure your tax; and collect tax, interest, or penalties.

Our legal right to ask for information is found in Internal Revenue Code sections 6001, 6011, and 6012(a) and their regulations. They say that you must file a return or statement with us for any tax you are liable for. Your response is mandatory under these sections.

Code section 6109 and its regulations say that you must show your social security number or individual taxpayer identification number on what you file. You must also fill in all parts of the tax form that apply to you. This is so we know who you are and can process your return and papers. You do not have to check the boxes for the Presidential Election Campaign Fund.

We ask for tax return information to carry out the U.S. tax laws. We need it to figure and collect the right amount of tax.

We may give the information to the Department of Justice and to other Federal agencies, as provided by law. We may also give it to cities, states, the District of Columbia, and U.S. commonwealths or possessions to carry out their tax laws. And we may give it to certain foreign governments under tax treaties they have with the United States. We may also disclose this information

to Federal, state, or local agencies that investigate or respond to acts or threats of terrorism or participate in intelligence or counterintelligence activities concerning terrorism.

If you do not file a return, do not give us the information we ask for, or provide fraudulent information, the law says that we may have to charge you penalties and, in certain cases, subject you to criminal prosecution. We may also have to disallow the exemptions, exclusions, credits, deductions, or adjustments shown on your tax return. This could make your tax higher or delay any refund. Interest may also be charged.

Please keep this notice with your records. You may want to refer to it if we ask you for other information. If you have questions about the rules for filing and giving information, please call or visit any Internal Revenue Service office.



Form 4564	Department of the Treasury Internal Revenue Service Department Information Document Request	Request Number 1
To: (Name of Taxpayer and Company, Division or Branch) Peymon Mottahedeh	Subject: 6700/6701 Investigation	
	Submitted to: Peymon Mottahedeh	
	Dates of Previous Requests:	

THE FOLLOWING INFORMATION DOCUMENT REQUEST APPLIES TO THE FOLLOWING:

1. PEYMON MOTTAHEDEH.
2. ANY ENTITY FOR WHICH PEYMON MOTTAHEDEH IS A PROMOTER, FOUNDER, OFFICER, TRUSTEE, OR PARTNER.
3. THE FREEDOM CHURCH.
4. THE FREEDOM LAW SCHOOL.
5. THE AMERICAN JUSTICE FOUNDATION.
6. ANY ENTITY, PLAN, OR ARRANGEMENT CREATED THROUGH, BY, OR ON BEHALF OF THE FREEDOM CHURCH, THE FREEDOM LAW SCHOOL, AND/OR THE AMERICAN JUSTICE FOUNDATION.
7. FREEDOM DOLLARS.

HEREINAFTER THE AFORMENTIONED INDIVIDUALS AND ENTITIES WILL BE REFERED TO AS THE "PROMOTIONS".

WHEREVER THERE IS A REQUEST FOR DOCUMENTATION, PLEASE PROVIDE COMPLETE COPIES OF ANY AND ALL DOCUMENTATION REQUESTED WHETHER IT BE KEPT (1) AS HARDCOPY OR (2) AS AN ELECTRONIC RECORD, REPORT OR DATAFILE WHETHER STORED ON HARD DISK, FLOPPY DISK, MINIDISK, ZIP DRIVE, JAZZ DRIVE, MAGNETIC TAPE, CD-R, CD-RW, SERVER OR ANY OTHER MEDIUM.

PLEASE PROVIDE THE FOLLOWING INFORMATION AND DOCUMENTATION:

- A Form 2848, Power of Attorney and Declaration of Representative, if you which to have a representative work with me during the examination. The authorization must be accompanied by evidence of the authority of the person(s) appointing the representative.

Information Due By May 15, 2003 At Next Appointment Mail In

FROM	Name and Title of Requestor Marynell Steburg, Revenue Agent (ID# 33-07883)	Date: April 16, 2003
	Office Location: 801 Civic Center Drive, Ste 200 Santa Ana, CA 92701	Phone: Voice (714) 347-9503 FAX (714) 347-9558

Form 4564	Department of the Treasury Internal Revenue Service Department Information Document Request	Request Number 1
To: (Name of Taxpayer and Company, Division or Branch) Peymon Mottahedeh	Subject: 6700/6701 Investigation	
	Submitted to: Peymon Mottahedeh	
	Dates of Previous Requests:	

- Please identify the form of entity in which the promotions were formed and/or operate and provide a statement as to the purpose for operating as such.
- Documents and Information regarding control of the promotions' assets.
- Information and documentation regarding funds related to, and/or received by, the promotions.
- Information and documentation regarding the distribution of funds related to, and/or received by, the promotions.
- Information regarding any transfer or assignment of salaries, wages or other compensation of individuals or entities related to the promotions. Please also provide a statement as to the purpose of these transfers and assignments.
- For any promotion which is a trust, provide the following (Note: A trustee must furnish any documents to the Internal Revenue Service upon request pursuant to Section 1.6012-3(a) of the Treasury Regulations):
 1. The most current trust instrument governing the trust.
 2. A statement as to the purpose for operating the promotion as a trust or as any other type of entity.
 3. Information as to who controls the funds of the entity, who has the power to distribute the entity's income, and who controls the entity's assets.
 4. Form 56, Notice Concerning Fiduciary Relationship, (copy enclosed) which is completed and signed by the current trustee. (Note: Where more than one trustee is appointed under a trust instrument, the names and signatures of all trustees should appear on the Form 56. However, one trustee may sign for all the trustees if provided for in the trust instrument).

Information Due By May 15, 2003 At Next Appointment Mail In

FROM	Name and Title of Requestor Marynell Steburg, Revenue Agent (ID# 33-07883)	Date: April 16, 2003
	Office Location: 801 Civic Center Drive, Ste 200 Santa Ana, CA 92701	Phone: Voice (714) 347-9503 FAX (714) 347-9558

Form 4564	Department of the Treasury Internal Revenue Service Department Information Document Request	Request Number 1
To: (Name of Taxpayer and Company, Division or Branch) Peymon Mottahedeh	Subject: 6700/6701 Investigation	
	Submitted to: Peymon Mottahedeh	
	Dates of Previous Requests:	

- Information and documentation containing the names of former and/or current individuals or entities who were/are associated in any way with the promotion. This information shall include but is not limited to the promoters, owners, shareholders, members, officers, officials, partners, employees, staff, agents, independent contractors, grantors, trustees, or beneficiaries. Please provide the name, address and telephone number, both personal and business, of any of the aforesaid individuals or entities. Please also provide the Social Security Number or the Employer Identification Number of any of the aforesaid individuals or entities.
- All records relating to the ownership of the promotions including, but not limited to, share ownership, partnership interest or beneficial interest.
- Documentation to establish the basis of all assets held by the promotions, or by anyone for, or on behalf of, the promotions.
 1. The aforesaid documents should include, but are not limited to, sales contracts, purchase agreements, and any and all documents showing the source of the funds used to purchase the assets.
 2. Please provide the names and addresses of transferors of properties to the promotions.
 3. Please provide records showing the basis of these properties in the hands of the transferors immediately before the transfer(s).
- Documentation and information related to all sales and/or transfers of property between promotions. The aforesaid Documentation includes, but is not limited to sales contracts, purchase agreements and documents showing the disposition of any and all funds received in the sale and/or transfer of the assets.
- Documentation and information related to all sales and/or transfers of property between promotions and individuals. The aforesaid Documentation includes, but is not limited to sales contracts, purchase agreements and documents showing the disposition of any and all funds received in the sale and/or transfer of the assets.

Information Due By May 15, 2003 At Next Appointment Mail In

FROM	Name and Title of Requestor Marynell Steburg, Revenue Agent (ID# 33-07883)	Date: April 16, 2003
	Office Location: 801 Civic Center Drive, Ste 200 Santa Ana, CA 92701	Phone: Voice (714) 347-9503 FAX (714) 347-9558

Form 4564	Department of the Treasury Internal Revenue Service Department Information Document Request	Request Number 1
To: (Name of Taxpayer and Company, Division or Branch) Peymon Mottahedeh		Subject: 6700/6701 Investigation
		Submitted to: Peymon Mottahedeh
		Dates of Previous Requests:

- Documentation and information related to any contract by or between any promotions.
- Documentation and information related to any contract by or between any individual and any promotion.
- Documentation and Information related to the offering for sale, advertisement of, and/or marketing of the promotions.
- Documentation and information regarding the operation, function, or results of utilizing the promotions.
- Documentation and Information related to requests for tax advice, tax arrangements, views on business formation, financial planning, tax planning, and general tax information offered through the promotions.
- The minutes of any and all meetings during which any promotion or individual associated with a promotion was discussed.
- Documentation and Information related to seminars and/or rallies involving the promotions or any individual associated with the promotions. This information should include but is not limited to the 2003 Health and Freedom Rally, 2002 Autumn Freedom Rally, 2002 Freedom Rally, 2001 East Coast Freedom Rally and the 2001 Freedom Rally. Please also provide information on who helped organize, who assisted, and who attended the aforesaid events.
- Documentation and Information related to vendors and other individuals or entities who accept Freedom Dollars.
- Documentation and Information related to individuals or entities who control and/or have purchased Freedom Dollars.

Information Due By May 15, 2003 At Next Appointment Mail In

FROM	Name and Title of Requestor Marynell Steburg, Revenue Agent (ID# 33-07883)	Date: April 16, 2003
	Office Location: 801 Civic Center Drive, Ste 200 Santa Ana, CA 92701	Phone: Voice (714) 347-9503 FAX (714) 347-9558

Form 4564	Department of the Treasury Internal Revenue Service Department Information Document Request	Request Number 1
To: (Name of Taxpayer and Company, Division or Branch) Peymon Mottahedeh	Subject: 6700/6701 Investigation	
	Submitted to: Peymon Mottahedeh	
	Dates of Previous Requests:	

PROVIDE THE FOLLOWING INFORMATION AND DOCUMENTATION FOR THE PERIOD JANUARY 1, 1998 TO DECEMBER 31, 2002, INCLUSIVE:

- Any and all information and documentation relating to all bank accounts, held by or on behalf of any promotion or individual associated with a promotion whether they be personal or business, whether they be foreign or domestic, whether they be savings or checking and whether they be held in a private or Federal Reserve bank. The aforesaid information and documentation includes, but is not limited to:
 1. The bank's name and location where the account is held, the bank account number, all names on the bank account, and for checking accounts, the names of all individuals who have signature authority on the checking account;
 2. Bank statements, deposit slips, debit/credit memos and cancelled checks.
 3. Loan agreements, promissory notes, lines of credit, deeds of trust, security agreements, payment records, credit card applications, and financial statements submitted to any lender.
- All accounting books and records for all promotions, and individuals or entities related to the promotions. This information includes, but is not limited to, check registers, disbursements journals, receipts journals, general ledger, payroll ledger and other work papers and associated records used in the preparation of the tax return(s) and financial statement(s).
- Copies of all tax returns and related Forms for all promotions, and individuals or entities related to the promotions, including, but not limited to:
 1. Income tax returns;
 2. Related entities returns (Form 1120, 1120S, 1065, 1040, 940, 941, 945);
 3. Payroll tax returns (940 and all quarters 941) . The documents should include Forms W-2 and current forms W-4;

Information Due By May 15, 2003 At Next Appointment Mail In

FROM	Name and Title of Requestor Marynell Steburg, Revenue Agent (ID# 33-07883)	Date: April 16, 2003
	Office Location: 801 Civic Center Drive, Ste 200 Santa Ana, CA 92701	Phone: Voice (714) 347-9503 FAX (714) 347-9558

Form 4564	Department of the Treasury Internal Revenue Service Department Information Document Request	Request Number 1
To: (Name of Taxpayer and Company, Division or Branch) Peymon Mottahedeh	Subject: 6700/6701 Investigation	
	Submitted to: Peymon Mottahedeh	
	Dates of Previous Requests:	

- 4. Forms 1099 issued;
- 5. Forms 1099 received.
- All rental and lease agreements related in any way to the promotions.

Information Due By May 15, 2003 At Next Appointment Mail In

FROM	Name and Title of Requestor Marynell Steburg, Revenue Agent (ID# 33-07883)	Date: April 16, 2003
	Office Location: 801 Civic Center Drive, Ste 200 Santa Ana, CA 92701	Phone: Voice (714) 347-9503 FAX (714) 347-9558

Internal Revenue Service

Department of the Treasury

Peymon Mottahedeh
9582 Buttemere Rd
Phelan, CA 92371

Letter Number: 3164 P (DO)

Letter Date:

April 16, 2003

Social Security Number or

Employer Identification Number:

For Assistance You May Call Us At :

714-347-9503

Person to Contact:

M. Steburg

Employee Identification Number:

33-07883

Dear Mr. Mottahedeh:

We are in the process of reviewing your participation and conduct in activities which might result in an understatement of a taxpayer's federal tax liability. Generally, our practice is to deal directly with a taxpayer or a taxpayer's duly authorized representative. However, we sometimes talk with other persons, for example, when we need information that the taxpayer has been unable to provide, or to verify information we have received.

We are writing to tell you that we may contact other persons. If we do contact other persons we will generally need to tell them limited information, such as your name. The law prohibits us from disclosing any more information than is necessary to obtain or verify the information we are seeking. Our need to contact other persons may continue as long as there is activity on this letter.

If you have questions regarding this letter or wish to request a list of contacts, please do not hesitate to contact the employee listed above. However, **you are not required to respond to this letter.**

Sincerely,

