

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
SAN ANTONIO DIVISION**

**IN RE:** \* **CASE NO. 14-53018-CAG-7**  
\*  
**JAMES & CORINNE GANDY,** \*  
\*  
**DEBTORS.** \* **CHAPTER 7**

---

**UNITED STATES OF AMERICA,** \*  
**Plaintiff,** \*  
\*  
**vs.** \* **ADVERSARY NO. 15-05083**  
\*  
**JAMES & CORINNE GANDY,** \*  
**Debtors/Defendants.** \*

**DECLARATION OF JAMES T. ASHTON**  
**OF INTERNAL REVENUE SERVICE, PURSUANT TO 28 U.S.C. § 1746**

My name is James T. Ashton. I am a special compliance, Abusive Tax Avoidance Transactions (“ATAT”) revenue officer, and acting group manager, employed by the Internal Revenue Service in Bryan, Texas. I have been employed by the IRS since 1986.

My duties as an IRS revenue officer include, but are not limited to, collecting delinquent federal taxes owed by taxpayers who reside in South Texas.

On April 16, 2012, the Internal Revenue Service made an assessment for 2007 federal income (IRS Form 1040) tax against James and Corinne Gandy (“the Gandys”), the Debtors/Defendants in the above-referenced bankruptcy and adversary, who reside in Kerrville, Texas. The original assessment was in the amount of \$1,300,412.34, without interest and penalties. On January 23, 2013, the IRS filed a notice of federal tax lien against the Gandys in Kerr County, for \$2,478,851.62, that includes the \$1,300,412.34 income tax assessment for tax year 2007, and interest and penalties through that date. From late 2012 until shortly before the



Gandys' bankruptcy was filed on December 4, 2014, the Gandys were being pursued by IRS Collections for payment of their 2007 federal income tax debt.

On April 28, 2014, I was assigned the delinquent federal income (1040) tax account of James and Corinne Gandy ("the Gandys"), the Taxpayers/Defendants in the referenced adversary, who reside in Kerrville, Texas, and attempted to collect their 2007 income tax liability, until they filed the above-referenced bankruptcy on December 4, 2014. Portions of the IRS ICS history on the Gandys' unpaid 2007 income tax account, including notes I authored, are attached hereto as **Gov. Ex. A.**

On or about October 9, 2014, the Gandys gave the IRS a sworn IRS Form 433-A Collection Information Statement for Individuals, that omitted the Gandys' residence at 108 Larry Lee Drive in Kerrville, Texas 78028, the same residence that was sold by the Chapter 7 Bankruptcy Trustee Randy Osherow, for \$925,000. In addition, the Gandys failed to disclose their airplane on this financial statement, and this airplane was sold by the Trustee in December of 2015, for which the Government received a \$90,800 check. They also failed to disclose to the IRS a 2013 Fiat being driven by one of Mr. Gandy's daughters, which was later disclosed by them in their bankruptcy schedules. The Gandys' failure to disclose their expensive residence, a vehicle, and an airplane to the IRS was a material omission, rendering their financial statement false. They also failed to cooperate with IRS Collections, by failing to providing financial information and documents regarding their true financial condition. Instead of complying with an IRS summons that they appear on December 4, 2014, at an IRS office and answer questions under oath about their financial condition, the Gandys filed this bankruptcy, to avoid IRS Collections, to invoke the automatic stay, and to attempt to discharge their large federal income

tax debt that they had the wherewithal to full pay for several years before they filed their bankruptcy.

Shortly after the Gandys filed their bankruptcy case in December 2014, I worked on the bankruptcy case with the U.S. Attorney's Office in San Antonio, Texas. On February 20, 2015, I attended a meeting with James Gandy, Corinne Gandy, Anthony Hervol (the Gandys' attorney), and Assistant United States Attorney Gary Wright. I was allowed to question the Gandys under oath at this meeting.

After the Gandys' bankruptcy case was referred by the Internal Revenue Service to the United States Department of Justice ("DOJ"), Tax Division, I worked with DOJ Tax Division attorney Ramona Notinger in investigating the facts and collecting records, that resulted in the filing of the above-referenced adversary. I also reviewed records of the Internal Revenue Service pertaining to the delinquent 2007 income tax liability of the Gandys. I have assisted the Department of Justice in this case by analyzing records, collecting evidence, interviewing the Gandys, and interviewing other witnesses.

In my attempts to collect the income tax liability of the Gandys, I interviewed James and Corinne Gandy, and other witnesses who are familiar with the businesses and assets of the Gandys. In my investigation, I discovered evidence indicating that the Gandys used others, such as family members and closely-held companies, to hide assets and income from the Internal Revenue Service. The closely-held companies, ownership of which was transferred by the Gandys to their family members to defeat IRS collection, include Gandy Digital, formerly known as Gandy Engineering, and Digital Werks. The Gandys' family members, who they used to hide assets from the IRS, are Prem Gandy (Mr. Gandy's mother), Hary Gandy (Mr. Gandy's brother) Mona Gandy (Mr. Gandy's sister), Liliane Williams (Mrs. Gandy's mother), and the

Gandys' adult children. After the 2007 income tax liability was assessed against them, the Gandys attempted to transfer their \$1 million residence to Prem Gandy, Mr. Gandy's mother, through a friendly foreclosure, and the transfer documents were backdated, to make it appear that the transfer occurred in 2012, before the federal tax lien was filed against them on January 23, 2013. See IRS ICS history, pp. 22, 36, 44-48, 53, 54, attached hereto as **Gov. Ex. A**. After the Gandys became indebted to the Internal Revenue Service for their 2007 income tax, James Gandy gave his elderly mother Prem Gandy, his brother, Hary Gandy, and his sister, Mona Gandy, an interest in two of the Gandys' businesses, Gandy Engineering and Digital Werks.

After the IRS assessed the 2007 income tax against the Gandys, they continued to live an extravagant lifestyle. For example, before the Gandys filed bankruptcy, they lived in a \$1 million residence, and drove luxury vehicles, such as Porsches and Ferraris. The Gandys also purchased, and Mr. Gandy flew, private airplanes, after they became indebted to the IRS for their 2007 income tax. After they filed bankruptcy, the Gandys leased a \$400,245 house in an affluent community in Kerrville, Texas, at 3157 Double Eagle Drive. Attached as **Gov. Ex. B** are some of the photographs I took of this house on Double Eagle Drive.

Portions of the IRS ICS history attached hereto as **Gov. Ex. A** indicates that the Gandys transferred and concealed income and assets to prevent the IRS from collecting their taxes. In the ICS history, "TP" means taxpayers James and Corinne Gandy. TPH means taxpayer husband, or James Gandy, and TPW means taxpayer wife, or Corinne Gandy.

From my review of public records, IRS records, interviews of witnesses, records obtained by the IRS and the Department of Justice in this case, and the testimony of the Gandys taken in their bankruptcy, it is my opinion that the Gandys willfully attempted to evade or defeat both the collection, and the assessment, of their 2007 income tax. They evaded the assessment of their

2007 income tax by filing a false original income tax return, failing to report between approximately \$17 and \$18 million in income, and failing to report nearly \$3 million in income tax. They evaded the collection of the tax by fraudulent transfers, and concealment, of their income and assets; and by making transfers of their valuable assets to family members and closely-held companies, and by leading an extravagant lifestyle, at the expense of the federal government.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 16, 2016.



Digitally signed by James T. Ashton  
DN: cn=James T. Ashton, o,  
ou=Revenue Officer 2503-3437,  
email=James.T.Ashton@irs.gov,  
c=US  
Date: 2016.05.16 10:43:25 -05'00'

---

JAMES T. ASHTON

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

**Name: JAMES & CORINNE GANDY** **TIN: -4333**

ACTION DATE: 07/28/2012

CREATE ID: 00000000

Systemic History: ENTITY UPDATED - ENTITY

ENTITY UPDATED - ENTITY: RISK SCORE 099

ACTION DATE: 07/28/2012

CREATE ID: 00000000

Systemic History: ASSIGNMENT - IDRS

CASE ASSIGNED--25083200

ACTION DATE: 07/28/2012

CREATE ID: 00000000

Systemic History: NEW MODULE(S) - IDRS

BAL DUE - 30/200712

ACTION DATE: 07/28/2012

CREATE ID: 00000000

Systemic History: ENTITY UPDATE - IDRS

IDRS POA RECORD HAS ADDED TO ICS: REP ID: 78057593094 NAME: ELIZABETH A COPELAND  
NUM: 2848

FORM

ACTION DATE: 08/04/2012

CREATE ID: 00000000

Systemic History: MODULE(S) UPDATED - IDRS

IDRS AND ICS CSED FOR 30/200712 UPDATED BY IDRS FROM 11/03/2018 TO 01/01/0001

ACTION DATE: 08/04/2012

CREATE ID: 00000000

Systemic History: ENTITY UPDATE - IDRS

IDRS POA RECORD HAS ADDED TO ICS: REP ID: 78057593094 NAME: ELIZABETH A COPELAND  
NUM: 2848

FORM



REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 11/13/2012 CREATE ID: 25152402

Systemic History: ENTITY UPDATED - ICS

Primary assignment number updated to 25152403

ACTION DATE: 11/13/2012 CREATE ID: 25152402

Systemic History: ENTITY UPDATED - ICS

CASE REOPENED

ACTION DATE: 11/13/2012 CREATE ID: 25152402

Systemic History: ENTITY UPDATED - ICS

SUB CASE CODE updated from (000) COMPLIANCE TDA/TDI  
to (106) OIC

ACTION DATE: 11/13/2012 SYSTEM DATE: 11/13/2012 CONTACT: OTHER CREATE ID: 25152403

GENERAL HISTORY

RECD OIC CASEFILE INTO INVENTORY TODAY. WILL CONDUCT SCREENING PROCESS ON 11/20/2012. CALENDAR NOTATED.

ACTION DATE: 11/19/2012 SYSTEM DATE: 11/19/2012 CONTACT: OTHER CREATE ID: 25152403

GENERAL HISTORY

SPENT SOME TIME PULLING IDRS INFO. AND ASSOCIATING WITH OIC FILE TO USE IN THE SCREENING PROCESS FORTHCOMING.

ACTION DATE: 11/23/2012 SYSTEM DATE: 11/23/2012 CONTACT: OTHER CREATE ID: 25152403

GENERAL HISTORY

CONDUCTED INITIAL ANALYSIS ON THE OIC CASEFILE. FORM 656 CARRIES BOTH TPS AND BOTH SSN'S. TAX PERIODS REFLECTED ARE 30-200712. OFFER MADE UNDER DATC. TPS OFFERING TO PAY \$1,416,000.00 VIA THE PERIODIC PAYMENT PROCESS. TPS STATE THEY WILL PAY \$59,000.00 DOWN AND THEN PAY THE REMAINING AMOUNT OF \$1,357,000 VIA MONTHLY PAYMENTS OF \$59,000 FOR A TOTAL OF 23 MONTHS. WAS THE \$150 APP FEE RECD WITH THE OIC, ALONG WITH \$59,000 DOWN AND

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY

TIN: -4333

ARE THE MONTHLY PAYMENTS OF \$59,000 CURRENT? CHECK THIS PRIOR TO GOING ANY FURTHER ON THE OIC REVIEW. YES APP FEE RECD. YES \$59,000 PAID DOWN AND YES THE MONTHLY PAYMENTS ARE CURRENT THRU 10/25/2012 WITHIN ANOTHER PAYMENT OF \$59,000 DUE BY 11/25/2012.

POA: YES POA ON FILE. COVERS 1040 TAX YEARS 2000 THRU 2009.

POA PERIODS: SEE ABOVE

TYPE OF OFFER: SEE ABOVE

TERMS OF OFFER: SEE ABOVE

FEE AND TIPRA PYMTS REQUIRED AND PAID: SEE ABOVE

PERIODIC PAYMENT DATE: 25th OF EACH MONTH

STATUS OF PERIODIC MONTHLY PYMTS MADE SINCE OFFER WAS RECEIVED: SEE ABOVE

SOURCE OF FUNDS: 656 INDICATES THAT TPS PLAN TO LIQUIDATE SAVINGS AND BORROWING \$ TO FUND THE OFFERED AMOUNT WHILE ATTEMPTING TO SELL THEIR RESIDENCE.

PERFECTION ISSUES: NO PERFECTION ISSUES HAVE BEEN DISCOVERED TO DATE.

CORRECT # OF 656 NEEDED: APPEARS THE CORRECT # OF 656'S SENT IN.

ANY PREVIOUS OFFERS AND DISPOSITIONS: NO PREVIOUS OFFERS APPEAR TO HAVE BEEN SUBMITTED.

ANY RELATED OFFERS: NO RELATED OFFERS IDENTIFIED TO DATE.

LIENS: ALS SEARCH CONDUCTED AND NO LIENS FILED ON EITHER OF THE SSNS REFLECTED ON THE 656. PER STATEMENT ON 656 TP HAVE THEIR RESIDENCE FOR SALE. IS THAT THE CASE? DO WE NEED TO FILE A LIEN IMMEDIATELY TO BE PROTECTED SHOULD THE SALE OF THE HOUSE TAKE PLACE? GET WITH GM.

a) What periods have liens filed and where SEE ABOVE

b) What periods NEED lien filings and where SEE ABOVE & KERR COUNTY, TEXAS WHICH IS THE COUNTY INWHICH THEIR RESIDENCE IS LOCATED. PER CIS DATA THERE IS JUST OVER \$100,000 IN POTENTIAL EQUITY WITHIN THE PROPERTY LOCATED @

108 LARRY LEE DRIVE  
KERRVILLE, TEXAS 78028

FMV PER CIS \$1,385,727.00 W/ QSV OF \$1,108,582.00

MORTGAGE BALANCE PER CIS @ \$1,000,000.00 LEAVING EQUITY OF \$108,582.00

c) When will liens be filed SEE ABOVE



REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY

TIN: -4333

ASED - TFRP: N/A AS SINGLE BALANCE DUE AND ITS A 1040 ASSESSMENT WITH NO CROSS REFERENCE TO BUS. ENTITY SUBJECT TO TFRP INVEST. IS ASEDR INPUT NECESSARY? N/A

CSED - EARLIEST AND ONLY CSED IS 4/16/2022 ON 30-200712. BALANCE ON THIS SINGLE YEAR AS A RESULT OF TC 300 ASSESSMENT VIA EXAM ADJUSTMENT.

- a) Any imminent CSED NO SEE ABOVE
- b) Number of months remaining on earliest CSED JUST UNDER 10 YEARS LEFT ON THE CSED.
- c) Are any periods just held open by the offer NO SEE ABOVE
- d) will a 53 need to be recommended if the case is not accepted UNKNOWN AT THIS STAGE OF THE SITUATION.

AMDIS: PULLED AND DID HAVE ACTIVITY ON 30-200712 BUT NOW CLOSED OUT AND RESULTED IN THE TC 300 THAT POSTED IN APRIL OF 2012. MAY WANT TO CONTACT RA BRAD MARTINEZ @ 480-503-7270 TO SEE IF CAN GET IDEA WHAT TYPE ACTIVITY GENERATED THE TC 300 ADJUSTMENT.

COMPLIANCE: REVIEWED IDRS. LRF'D IS THE 1040 FOR 2011. TAX ON THE RETURN @ .00. THIS IS VERY HARD TO BELIEVE WHEN TPS CLAIMING ALMOST MONTHLY HOUSEHOLD EXPENSES TALLING OVER \$22,000.00. REVIEWED RETURN INFO. FS-2 WITH 2 EXEMPTIONS CLAIMED. SCH C GROSS RECS AT \$4,785,623 LESS CLAIMED EXP. TO GIVE NET LOSS OF \$2,298,650.00 FROM "GANDY DIGITAL ULC" WHICH APPEARS TO BE A SOLE PROP. ENTITY OF MR. GANDY. INTEREST INCOME OF \$1979. SCH D LOSS OF \$3000. \$1,550,998 IN OTHER LOSSES TO GIVE AGI OF NEGATIVE \$4,4643,210.00. THIS CLAIMED FIN. SITUATION IS STARTING TO NOT MAKE SENSE. MAY NEED TO GET WITH FTA-T. NEWSOM FOR CONSULTATION. APPEARS THAT SOMETIME IN LATE 2010 OR EARLY 2011 MR. TP CREATED A NEW BUS. AND IT OPERATES AS A SINGLE MEMBER LLC UNDER 5046.

GANDY DIGITAL, LLC  
JAMES GANDY SOLE MBR  
5750 NORTHWEST PARKWAY  
SAN ANTONIO, TX 78249-3367 993

ENTTIY EST'D IN 1/2010 WITH FED. GOV. ENTITY HAS OPEN 941 AND 940 FILING REQUIREMENTS. PER IDRS INFO. APPEARS THIS ENTITY IS IN COMPLETE DEPOSITING, FILING AND PAYING COMPLIANCE.

- a) Address all compliance issues of the TP and any related entities SEE ABOVE
- b) Status of ES pymt for the current year SEE ABOVE
- c) FTD status for BMF acct SEE ABOVE
- d) Any delinquent returns for TP or related entity SEE ABOVE

SPECIAL CIRCUMSTANCES:

Even if DATC offer, special circumstances may be need to be considered. TP may not explicitly state he/she has special circumstances INVEST. TO DATE DOES NOT INDICATE ANY SPEC./EXCEPTION CIRCUMSTANCES THAT WOULD WARRANT ACCEPTANCE UNDER ETA.

COMPLETED PRELIMINARY IET AND AET USING UNVERIFIED FIGURES STRAIGHT FROM THE CIS THAT WAS SUBMITTED BY TPS TO SCREENING FOR OBVIOUS FULL PAY SITUATIONS. THESE TABLES DONT INDICATE CURRENTLY THAT TPS CAN FULL PAY THE \$2.8 MILLION IN LIABILITY DUE ON 30-200712.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

PRELIMINARY IET (based on CIS submitted): SEE ABOVE

PRELIMINARY AET (based on CIS submitted): SEE ABOVE

REVIEWED IDRS ON TPS PULLING CC IRPTRO AND RETURN INFO. FOR RECENT YEARS.

UNDER -4333 (mr.)

IRPTRO FOR 2008 SHOWS WAGES OF \$173,081. IRA CONTRIBUTIONS OF \$49,208 AND INTEREST INCOME OF \$11.

IRTPRO FOR 2009 SHOWS WAGES OF \$117,687. IRA CONTRIBUTIONS OF \$58,790 AND INTEREST INCOME OF \$15,136.

IRPTRO FOR 2010 SHOWS IRA CONTRIBUTIONS OF \$65,435 AND INTEREST INCOME OF \$1260.

IRPTRO FOR 2011 SHOWS IRA CONTRIBUTIONS OF \$63,530 AND INTEREST INCOME OF \$540.

UNDER -6701 (MS)

IRPTRO FOR 2008 SHOWS INTEREST INCOME OF \$1428

IRPTRO FOR 2009 SHOWS \$4045 IN INTEREST INCOME FROM SEVERAL DIFFERENT ACCTS.

IRPTRO FOR 2010 SHOWS INTEREST INCOME OF \$1526 FROM SEVERAL ACCTS.

IRPTRO FOR 2011 SHOWS INTEREST INCOME OF \$2113 AGAIN FROM SEVERAL ACCTS.

1040 RETURN FOR 2007 CARRIES FS-2 W/ 2 EXEMPTIONS CLAIMED. WAGES OF \$77,885. INTEREST INCOME OF \$52,742. SCH D SHOWS LOSS OF \$3000. SCH E SHOWS \$14,330 IN INCOME AND OTHER LOSS TOTALLING -\$1,553,211.

1040 RETURN FOR 2008 CARRIES FS-2 WITH 2 EXEMPTIONS CLAIMED. WAGES OF \$173,082 AND TOTAL INCOME OF THE SAME.

1040 RETURN FOR 2009 CARRIES FS-2 WITH 2 EXEMPTIONS CLAIMED. WAGES OF \$117,687 AND \$19,433 IN INTEREST INCOME. LOSS OF \$3000 FROM SCH. D. TOTAL POSITIVE INCOME @ \$137,120.

1040 RETURN FOR 2010 SHOWS FS-2 W/ 2 EXEMPTIONS CLAIMED. \$8080 IN INTEREST INCOME. SCH C SHOWS .00 INCOME. DEPRECIATION AND OTHER EXPENSES INDICATES A LOSS OF \$1,550,998. SCH C SHOWS LOSS OF \$3000. HUGE LOSS CLAIMED ON RETURN TOTALLING -\$1,545,918. ????

1040 RETURN FOR 2011 SHOWS FS-2 W/ 2 EXEMPTIONS CLAIMED. \$1979 IN INTEREST INCOME . RETURN HAS "TWO" SHC C'. 1st SCH C FROM GANDY DIGITAL, LLC SHOWS \$4,785,623 IN GROSS REC'S LESS \$4,073,410 IN COST OF GOODS SOLD LEAVING \$713,261 LESS CLAIMED ACTUAL EXP. TO GIVE LOSS OF \$2,288,650. ????

HOW IS TP PAYING \$22,000 IN CLAIMED PERSONAL EXP. (\$22,000 X 12 MONTHS = \$264,000). DOES

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY

TIN: -4333

NOT MAKE FIN. SENSE???

GET WITH GM ON LIEN QUESTION.  
REACH OUT TO T. NEWSOM  
CONTACT RA MARTINEZ ON TC 300 ADJUSTMENT ON 2007/1040

---

ACTION DATE: 12/04/2012 SYSTEM DATE: 12/04/2012 CONTACT: OTHER CREATE ID: 25152403

GENERAL HISTORY

MET WITH GM BAYLESS THIS AM. DISCUSSED MY PLAN OF ACTION TO REQUEST FED. TAX LIENS BE FILED ON 1040 ASSESSMENT FOR 2007 IN KERR COUNTY, TEXAS IMMEDIATELY TO PROTECT THE FED. GOV'S INTEREST IN ASSETS AS NORMALLY THE LIEN RECOMMENDATIONS ARE NOT MADE UNTIL THE RECOMMENDATION ON THE OIC SUBMITTED.

DID COIC SEND OUT CORRESPONDENCE WHEN THE CASE WAS TRANSFERRED INDICATING THAT IN ADDITION TO THE CASE BEING TRANSFERRED A FED. TAX LIEN COULD BE FILED TO PROTECT THE FED. GOVERNMENTS INTEREST IN ASSETS. REVIEWED OIC ADMIN FILE AND NO WHERE DO I SEE WHERE THAT WAS INDICATED. WITH THAT INFO. WILL REACH OUT TO POA'S REPRESENTATIVE TO LET KNOW PLAN TO REQUEST LIENS BE FILED DUE TO TPS ATTEMPTING TO SELL THEIR HOME LOCATED IN KERRVILLE, TEXAS. WILL INCLUDE THIS INFO. WITHIN THE FORTHCOMING ADD. INFO. LETTER TO BE GENERATED.

SO FAR THE FOLLOWING INFO. IS NEEDED

-LET TPS KNOW MY PLAN TO REQUEST FED. TAX LIENS BE FILED IN KERR COUNTY, TEXAS TO PROTECT FED. GOV. INTEREST IN ASSETS. WILL ATTACH PUB'S 1, 594 AND 1660 TO COPIES OF EACH OF THE LETTER (TO TPS AND TO POA) FOR THEIR REVIEW GIVING TPS A COUPLE OF WEEKS TO EXERCISE CAP APPEAL PROCESS PRIOR TO THE LIEN FILING.

-COPIES OF BANK STATEMENTS FOR ALL (PERSONAL AND BUS.) BANK ACCOUNTS FOR CALENDAR YEAR 2012 TO DATE.

-DOCUMENTS TO SHOW PROOF OF CLAIMED VALUES ON ALL INVESTMENT/RETIREMENT ACCOUNTS.

-PAY OFF ON HOUSE AT 108 LARRY LEE DRIVE IN KERRVILLE, TEXAS

-PROVIDE DETAILS AND DOCUMENTS TO SHOW THE TYPE OF LIFE INS CURRENTLY INPLACE AND PROOF THAT NONE OF THE POLICIES HAVE ANY CASH/LOAN VALUES.

-PAY OFF INFO. ON BOTH VEHICLES

-COMPLETE COPIES OF PURCHASE CONTRACTS ON BOTH PORSCHE'S

-COPIES OF ALL VEHICLE INSURANCE CARDS

-DOCUMENT TO SHOW PROOF OF CLAIMED VALUE ON THE AIRPLANE

-DETAILS AND DOCUMENTS ON THE TRUST THAT TPS ARE CURRENTLY PART OF. PAGE 7 OF 7 OF THE FORM 433A.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

-DETAILS AND DOCUMENTS ON THE PENDING "LAWSUIT" AS REFLECTED ON THE FORM 433A PAGE 7 OF 7.

WILL REVIEW OTHER DOCUMENTS WITHIN THE FILE THAT WERE NOT PREVIOUSLY REVIEWED THIS DATE AS IN THE PROCESS OF GATHERING A LEAST OF ITEMS NEEDED TO PROCEED WITH THE OIC INVEST. THIS WILL BE DONE ON 12/12/2012 UPON RETURN FROM AL (12-5 THRU 12-11). CALENDAR NOTATED.

ACTION DATE: 12/18/2012 SYSTEM DATE: 12/18/2012 CONTACT: OTHER CREATE ID: 25152403

GENERAL HISTORY

REVIEWED REMAINING INFO. THIS DATE. READY TO COMPLETE AND MAIL ADD. INFO. LETTER.

PREPARED AND MAILED THE ABOVE REFERENCED LETTER. DL FOR CONTACT ON THE FED. TAX LIEN FILING IS 1/2/2013. CALENDAR NOTATED. COPIES OF THE LETTERS TO TP AND POA COPELAND. ATTACHED PUB 1, 594 AND 1660 TO EACH OF THE LETTERS FOR TP/POA REVIEW. REMAINING INFO. TO CONTINUE THE OIC INVESTIGATION NEEDS TO BE POSTED MARKED BY 1/24/2013. CALENDAR NOTATED. LETTER STATES POSSIBLE RETURN/REJECTION WITH NO FURTHER CONTACT SHOULD DL EXPIRE WITH OUT REQUESTED INFO. SEE AOIC SYSTEM FOR TEXT OF THIS LETTER.

ORDERED CR'S ON BOTH TPS THIS DATE. SHOULD HAVE SHORTLY.

AWAIT 1/2/2013 AND 1/24/2013  
AWAIT CR'S  
REVIEW ACCURINT REPORTS  
CONDUCT CRC'S  
REACH OUT TO T. NEWSOM (FTA)

ACTION DATE: 01/02/2013 SYSTEM DATE: 01/02/2013 CONTACT: PHONE CREATE ID: 25152403

GENERAL HISTORY

WHILE WORKING FLEXIPLACE ON 12/31/2012 RECD VM MESSAGE LEFT FROM POA COPELAND ON 12/28/2012 @ APPROX. 5:34PM cst. LEFT MESSAGE THAT RECD ADD. INFO. LETTER DATED 12/18/2012 AND WANTS TO SPEAK ON THE INFO. WITHIN THE LETTER THAT STATES THAT THE FED. GOV. PLANS TO REQUEST A FED. TAX LIEN BE FILED ON 1/2/2013 ON THE LIABILITY OWED ON 30-200712 SO THE GOV. INTEREST IN ASSETS IS PROTECTED. POA VM MESSAGE STATES THAT THE HOUSE IS FOR SALE AND HAVING A FED. TAX LIEN FILED COULD INTERFERE W/ THE SALE. PLEASE RETURN HER CALL AT 210-250-6121 AS SOON AS POSSIBLE. VM INDICATED POA AVAILABLE TODAY 12/31/2012, TUESDAY IS A HOLIDAY (N YEARS DAY) AND WILL BE OUT OF THE OFFICE UNTIL 1/7/2013 ON SCH'D VACATION.

CONTACT POA COPELAND.

ITS THE MORNING OF 1/2/2013 AND RETURNED TO THE OFFICE. HAD ANOTHER VM MESSAGE FROM POA COPELAND FROM LATE 12/31/2012 (5:15PM cst). LM THAT SINCE DID NOT GET TO SPEAK ON THE CASE TODAY SHE CAN BE REACHED ON HER CELL # OF 210-3517 ON 1/2/2013. PLEASE RETURN THE CALL AS HAS CONCERNS THAT THE FED. TAX LIEN THAT IS PLANNED TO BE FILED WILL INTERFERE WITH THE SALE OF THE REAL PROPERTY AT 108 LARRY LEE DR., KERRVILLE, TEXAS 78028 (KERR COUNTY, TEXAS). CLIENTS PLAN TO USE THE FUNDS RECD FROM THE SALE OF THE PROPERTY TO PAY

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

DOWN THE FED. TAX OBLIGATION DUE ON 1040/2007. PLEASE RETURN HER CALL.

LATER: PC TO POA COPELAND @ 210- 3517. GOT POA. YES RECD ADD. INFO. LETTER DATED 12/18/2012 ALONG WITH ATTACHED PUB'S 1 AND 594. NO QUESTIONS CURRENTLY ON EITHER OF THE PUBS ATTACHED TO THIS LETTER. EXPLAINED THE REASON THAT THE REAL PROPERTY ON LARRY LEE DR. IS ON THE MARKET IS THE EXACT REASON WHY THE FED. TAX LIEN NEEDS TO BE FILED IMMEDIATELY SO THAT THE FED. GOV'S INTEREST IN THAT ASSET IS PROTECTED COMPLETELY. POA UNDERSTANDS FED. GOV'S POSITION, HOWEVER, IN HER EXPERIENCE A FED. TAX LIEN ON THE PROPERTY SCARES ALOT OF BUYERS OFF AND HISTORICALLY DRIVES THE POSSIBLE SELLING PRICE DOWN. AFTER MUCH DISCUSSION POA TO EXCERCISE THE "CAP" APPEAL PROCESS. WANTS TO SPEAK TO MY MANAGER AS DIRECTED WITHIN PUB. 1660. HIS NAME IS BRYAN BAYLESS AND HE OUT OF THE OFFICE UNTIL 1/7/2013. GAVE HIS DIRECT # AND POA TO CALL ON THAT DATE TO DISCUSS FED. LIEN FILING AND CAP PROCESS. NO LIENS TO BE FILED AT THIS TIME. DL FOR THAT ACTION EXTENDED TO COB 1/7/2013. IF THIS DATE EXPIRES WITH NO CONTACT FROM HER/MANAGER ETC. LIENS TO BE REQUESTED FIRST THING 1/8/2013. POA STATES SHE UNDERSTANDS AND WILL CONTACT GM BAYLESS ON 1/7/2013. CALENDAR NOTATED.

AWAIT 1/7/2013 AND 1/24/2013

---

ACTION DATE: 01/07/2013 SYSTEM DATE: 01/07/2013 CONTACT: OTHER CREATE ID: 25152459

GENERAL HISTORY

Spoke with POA Copeland. Asked for the NFTL not to be filed. Advised that we will request the NFTL filed to protect the government's interest. POA understood. POA did not request a CAP. bb/gm

---

ACTION DATE: 01/07/2013 SYSTEM DATE: 01/07/2013 CONTACT: OTHER CREATE ID: 25152403

GENERAL HISTORY

RECD INSTANT MESSAGE FROM GM BAYLESS. SPOKE TO POA ON FED. TAX LIEN FILING. GM GAVE DIRECTION TO OIC SPEC. TO GO AHEAD AND REQUEST FED. TAX LIEN BE FILED IMMEDIATELY TO IN KERR COUNTY, TEXAS ON ALL BALANCE DUE PERIODS TO PROTECT THE FED. GOV'S INTEREST IN ASSETS. WILL REQUEST LIEN UPON RETURN TO THE OFFICE 1/8/2013. CALENDAR NOTATED.

---

ACTION DATE: 01/08/2013 SYSTEM DATE: 01/08/2013 CONTACT: OTHER CREATE ID: 25152403

GENERAL HISTORY

RETURNED TO THE OFFICE THIS DATE. PREPARED FORM 12636 TO REQUEST A FED. TAX LIEN BE FILED IN KERR COUNTY, TEXAS AS TPS RESIDENCE, WHICH IS LOCATED IN KERR COUNTY IS ON THE MARKET (FOR SALE). FAXED REQUEST FOR LIEN TO BE FILED THIS DATE TO FAX # 859-669-4933. COPY OF REQUEST KEPT FOR THE OIC FILE.

NOTE: WHILE IN IDRS THIS DATE IT APPEARS REQUIRED MONTHLY OIC PAYMENTS OF \$59,000.00 ARE NOT CURRENT. PER TXMOD ON 30-200712, WHICH IS THE ONLY TAX YEAR INWHICH TPS OWE, SHOWS (DUE DATE OF THE MONTHLY OFFER PAYMENTS IS 25th PER 656)

\$59,000 RECD WITH OIC IN JULY OF 2012

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

\$59,000 RECD 8/16/2012 TO COVER 8/25 PAYMENT  
\$59,000 RECD 9/20/2012 TO COVER 9/25 PAYMENT  
\$59,000 RECD 10/18/2012 TO COVER 10/25 OIC PAYMENT  
\$10,000 RECD 11/23/2012 TO COVER 11/25 OIC PAYMENT (SHORT BY \$49,000)  
\$10,000 RECD 12/21/2012 TO COVER 12/25 OIC PAYMENT (SHORT BY \$49,000)

W/ ANOTHER PAYMENT OF \$59,000 DUE BY 1/25/2013. CONTACT POA TO LET KNOW THAT THESE REQUIRED PAYMENTS NEED TO BE CAUGHT UP IMMEDIATELY TO ENABLE THE OIC INVEST. TO CONTINUE. WILL SET DL OF 1/25/2013 FOR A CHECK IN THE AMOUNT OF \$157,000.00 TO BE RECD TO BRING REQUIRED OIC PAYMENTS CURRENT THRU THE 1/25/2013 PAYMENT. IF DL MISSED AND REQUIRED PAYMENTS NOT BROUGHT CURRENT FORCED TO CLOSE OUT THE OIC AS A MANDATORY WITHDRAWAL WHICH AFFORDS NO APPEAL RIGHTS AND IF TPS WANT OIC MUST RESUBMIT WHOLE NEW OIC PACKAGE THRU NORMAL PROCESS.

CONTACT POA.

LATER: PC TO POA COPELAND @ 210-224-2000. GOT VM. LM THAT CURRENTLY WORKING ON THE OIC SUBMITTED BY THIS CLIENT AND HAVE DISCOVERED A COMPLIANCE CONCERN ON THE PENDING OIC CASE THAT MUST BE RESOLVED IMMEDIATELY TO ENABLE THE OIC INVEST. TO CONTINUE. PLEASE RETURN MY CALL. AWAIT CALL BACK FROM POA COPELAND. FU ON 1/10/2013 WITH WRITTEN CORRESPONDENCE SHOULD FU DATE EXPIRED WITH NO CONTACT. AWAIT 1/10/2013.

---

ACTION DATE: 01/09/2013 SYSTEM DATE: 01/09/2013 CONTACT: PHONE CREATE ID: 25152403

GENERAL HISTORY

RECD RETURN CALL FROM POA COPELAND. STATES GOT MY VM MESSAGE FROM YESTERDAY AND IS RESPONDING. EXPLAINED WHILE IN THE OIC CASEFILE YESTERDAY RELATING TO THE LIEN CONVERSATION SHE HAD WITH GM ON 1/7/2013 SAW WHERE REQUIRED MONTHLY PAYMENTS OF \$59,000 ARE DEL. AND NEED TO BE CAUGHT UP IMMEDIATELY TO ENABLE THE OIC INVEST. TO CONTINUE. TPS NEED TO FORWARD A CHECK IN THE AMOUNT OF \$157,000 BY COB 1/25/2013 TO CATCH UP PAYMENTS THRU 1/25/2013. SHOULD THIS DL EXPIRE AND REQUIRED PAYMENTS ARE NOT CURRENT WILL BE FORCED TO CLOSE OUT THE OIC CASE AS A MANDATORY WITHDRAWAL WHICH AFFORDS NO APPEAL RIGHTS. POA STATES KNEW CLIENTS WERE HAVING SOME FIN. PROBLEMS AND WILL CONTACT TO LET KNOW ABOVE. AWAIT 1/25/2013 FU. CALENDAR UPDATED.

---

ACTION DATE: 01/31/2013 SYSTEM DATE: 01/31/2013 CONTACT: OTHER CREATE ID: 25152403

GENERAL HISTORY

ITS THE AFTERNOON OF 1/31/2013 AND NO CONTACT AND NO FUNDS RECD TO BRING REQUIRED TIPRA PAYMENTS CURRENT VIA A PAYMENT OF \$157,000.00. CHECKED IDRS VIA CC IMFOLP AND NO PAYMENTS HAVE BEEN RECD SINCE 12/21/2012 AND TIPRAPAYMENTS ARE DEL. BY THE \$157,000 THRU 1/25/2013. CLOSE OUT THE OIC AS A MANDATORY WITHDRAWAL WHICH AFFORDS NO APPEAL RIGHTS SO IF TPS WANT OIC MUST RESUBMIT A WHOLE NEW OIC PACKAGE THRR NORMAL PROCESS.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

CLOSING NARRATIVE ON THE OIC FILE.....

TPS OWE APPROX. \$2.8 MILLION DOLLARS ON 30-200712. TPS OFFERED TO PAY \$1,416,000.00 W/ \$59,000 DOWN AND THEN \$59,000 A MONTH FOR 23 MONTHS. OIC INVESTIGATION WAS PROGRESSING, HOWEVER, ON 1/8/2013 WHILE IN IDRS DETERMINED THAT REQUIRED MONTHLY TIPRA PAYMENTS OF \$59,000 HAD FALLEN DEL. ON 11/25/2012 TPS PAID ONLY \$10,000 AND ON 12/25/2012 AGAIN ONLY PAID \$10,000 SO ON THAT DATE MADE TELEPHONE CONTACT WITH POA AND LET KNOW THAT REQUIRED TIPRA PAYMENTS HAD FALLEN DEL. AND PAYMENTS NEEDED TO BE CAUGHT UP IMMEDIATELY. THEY NEEDED TO SEND A CHECK IN THE AMOUNT \$157,000 TO BRING PAYMENTS CURRENT THRU 1/25/2013 PAYMENT. DURING THE CONVERSATION WITH POA ON THE 8th KNEW THE TPS WERE HAVING SOME FINANCIAL DIFFICULTIES AND NOT SURPRISES PAYMENTS HAVE FALLEN BEHIND. POA SAID SHE WOULD CONTACT CLIENTS AND LET THEM KNOW WHAT IS NEEDED AND WHEN ITS NEEDED AND BE IN TOUCH. SET DL OF COB 1/25/2013 FOR TPS REGAIN THE REQUIRED COMPLIANCE. POA UNDERSTOOD THAT SHOULD THE DL EXPIRE AND NOT CONFIDENT THAT REQUIRED COMPLIANCE REGAINED MUST CLOSE OUT THE OIC AS A MANDATORY WITHDRAWAL WHICH AFFORDS NO APPEAL RIGHTS AND IF TPS WANT OIC MUST RESUBMIT WHOLE NEW OIC PACKAGE THRU NORMAL PROCESS.

ITS THE AFTERNOON OF 1/31/2013 AND NO FUNDS RECD AND NO CONTACT MADE TO THIS OIC SPEC. SEARCHED IDRS AND FUNDS HAVE POSTED SINCE MID DEC. 2012.

LIEN FILED IN KERR COUNTY, TEXAS WHICH IS THE COUNTY OF RESIDENCE FOR TPS AND APPEARS TO BE THE ONLY COUNTY INWHICH THE TPS OWN REAL PROPERTY. FED. GOV. INTEREST IN ASSETS ARE COMPLETELY PROTECTED.

PREPARED REQUIRED DOC.'S TO MAKE THE RECOMMENDATION OF MAN. WITHDRAWAL. OIC CASE TO GM FOR REVIEW AND APPROVAL.

---

ACTION DATE: 01/31/2013 CREATE ID: 25152403

Systemic History: INVENTORY ITEM CLOSED - ICS

CIP - WITHDRAWN 00000001

---

ACTION DATE: 01/31/2013 CREATE ID: 25152403

Systemic History: CASE CLOSED - ICS

CASE CLOSED - ICS

---

ACTION DATE: 02/02/2013 CREATE ID: 00000000

Systemic History: CASE CLOSED - IDRS

NO NARRATIVE ASSOCIATED WITH THIS HISTORY ENTRY

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 02/02/2013

CREATE ID: 00000000

Systemic History: CASE CLOSED - IDRS

NO NARRATIVE ASSOCIATED WITH THIS HISTORY ENTRY

ACTION DATE: 02/08/2013

SYSTEM DATE: 02/08/2013

CONTACT: OTHER

CREATE ID: 25152403

GENERAL HISTORY

RECD CORRESPONDENCE FROM POA COPELAND THIS DATE. ITS REQUESTING THAT THE CURRENT OIC 1001051993 BE WITHDRAWN. THEY WANT TO PROPOSE A NEW OFFER OF \$10,000 FOR A TOTAL OF 24 MONTHS VIA ETA PROCESS. ABOVE REFERENCE OFFER HAS ALREADY BEEN CLOSED OUT AS MAN. WITHDRAWAL BACK ON 1/31/2013 AND IT WANTS NEW OIC MUST RESUBMIT WHOLE NEW PACKAGE THRU NORMAL PROCESS. CONTACT POA WITH THIS INFO.

LATER: PC TO POA COPELAND @ 210-250-6121. GOT SECRETARY AND LMCH WITH HER.

LATER: RECD CALL FROM POA. GOT WITHDRAWAL LETTER BUT CASE ALREADY CLOSED OUT AS A MAN. WITHDRAWAL AND SHE UNDERSTANDS IF CLIENTS WANT OIC MUST RESUBMIT WHOLE NEW PACKAGE THRU NORMAL PROCESS.

ASSOCIATED CORRESPONDENC WITH CLOSED OIC CASEFILE. NO FURTHER ACTION ON MY PART NEEDED AT THIS TIME.

ACTION DATE: 07/31/2013

CREATE ID: 25152433

Systemic History: NEW MODULE - ICS

CIP-OIC 00000002 - 25152426

ACTION DATE: 07/31/2013

CREATE ID: 25152433

Systemic History: ENTITY UPDATED - ICS

Primary assignment number updated to 25152426

ACTION DATE: 07/31/2013

CREATE ID: 25152433

Systemic History: ENTITY UPDATED - ICS

CASE REOPENED



REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 07/31/2013

CREATE ID: 25152433

Systemic History: ENTITY UPDATED - ICS

SUB CASE CODE updated from (000) COMPLIANCE TDA/TDI  
to (106) OIC

ACTION DATE: 08/02/2013

SYSTEM DATE: 08/02/2013

CONTACT: OTHER

CREATE ID: 25152426

GENERAL HISTORY

Date offer assigned 7/31/13 but no case file yet.

IDRS Research:

ENMOD/INOLES - Last return filed 2011. No x-ref EIN shown  
SUMRY - 30-200712 is in st 71 w/assessed bal of 2,428,743.62. 30-20081212 listed and in st 12 (audit assessment that was paid prior to assessment)

Liens filed - yes

AMDISA - no record at this time

IMFOLP - Last 12 months shows app fee and 4 tipra payments of 59,000 and two tipra payments of 10,000 in 2012. A subsequent application fee paid 2/7/13 with 10,000 payment and subsequent tipra payments of 10,000 monthly through June. July has not yet posted.

IMFOL - All returns filed through 2011. Only bal due is 2007 as result of audit. No ES for 2012 or 2013

BMFOL - 5046 - Gandy Digital LLC James Gandy sole mbr - 941 current through 201303. Tp has FTD posted for 201306 and 201309. 940 current through 2012. NO FTD for 2013.

IADIS - no IA

IRP - 2012 TPH - int 223 (Wells Fargo), FMV 71,243

2012 TPW - int 676 (USAA Federal Savings Bank and Wells Fargo)

2012 EIN - NEC 258,532

2011 TPH - int 540, FMV 63,530

2011 TPW - int 2113

2011 EIN - NEC 46,442

2010 TPH - int 1260, FMV 65,435

2010 TPW - int 1526

2010 EIN - NEC 36,794

RTVUE - 2012 not filed - extension filed

2011 - MFJ w/2 exemptions - Tp reported int 1979, sch C loss of 3,091,191, sch D loss of 3000, other loss of 1,550,998 for total income (loss) of (4,643,210) and AGI same. No tax liab and no credits. Sch C1 for Gandy Digital LLC shows receipts 4,785,623, COGS 4,073,410 and expenses 3,128,012. Expenses include depreciation expense of 126,101 and legal/prof fees of 1,399,209, wages 1,219,936, etc.

Sch C2 for Gandy Digital ULC shows receipts 3,397,083, COGS 2,811,339 and expenses 1,262,184. Expenses include legal/prof 57,547, wages 536,768, etc.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

Sch D shows long term loss of 1,019,269  
AMT shows NOL of 1,550,998  
CDPTRT - no record

Compliance:  
ES current? n/a per the 2011 return  
All returns filed? yes  
FTD current? yes  
Tipra current? July has not posted yet but will monitor again next week for posting.

Prior History - Reviewed prior RO history. Offer received in the field in Nov 2012. Tp offered to pay 1,416,000 at 59,000 per month for total of 24 months. Tp was attempting to sell residence and there was no lien on file. Preliminary tables using strictly tp figures did not indicate full pay.

Question RO had - how paying 22,000/mo in expenses with the huge loss reported. Additional info letter sent to poa. Addressed lien as well as req info on many items including house, 2 Porsches, airplane, trust, and lawsuit. POA called about proposed lien filing - objected and talked to GM. Lien was filed as CIS indicated about 100,000 equity. RO mentioned contacting RA who did the audit and contacting FTA as well. RO determined in Jan that tp had not made sufficient tipra payments in Nov and Dec - only paid 10,000 each month rather than 59,000. Contacted poa to advise of deficit and deadline set for payment. Tp didn't pay therefore offer closed as mandatory withdrawal. After closure poa stated they wanted to withdraw this offer and start over as tp was having financial difficulties.

AOIC history for first offer shows same info as above. This offer shows received 2/11 with app fee and 10,000 payment. Transfer to field due to LLC. Subsequent payments received in Mar, April, May and June. Last posted June 24.

Plan - follow up next week for case file and determine if tipra current before proceeding.

---

ACTION DATE: 08/07/2013 SYSTEM DATE: 08/07/2013 CONTACT: OTHER CREATE ID: 25152426

GENERAL HISTORY

Received case file. Checked AOIC for the July tipra payment. It still has not posted. Will contact poa for immediate payment or offer will be closed as mandatory withdrawal. Will briefly review file prior to contact.

Offer #1001096387

Forms 656 Review:  
All names and TINs included - James & Corinne and their SSNs only. No EIN shown  
Type of tax and tax periods included in offer - 1040 for 2007 only  
Type of Offer - ETA  
Low Income Waiver box checked - no  
Terms of Offer - Deferred offer of 729,502.37. 10,000 sent with the offer and 10,000 per month for 23 months with the balance being paid in the final payment  
Date of tipra payments - 25th  
Explanation of Circumstances - Tp's Canadian manufacturing company went bankrupt in 2009 due to economic downturn. They have been struggling to rebuild ever since but due to

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

technological difficulties with their printing machines, it has ot been able to enter into full production to date. This has impeded their ability to satisfy tax debt. Source of Funds - liquidating savings and borrowing from relatives. Also attempting to sell home. ETA/Special Circumstances criteria - Tp attached statement claiming economic hardship. Taxpayer has equity in assets to full pay however they are not able to borrow against those assets. Liquidating the assets would render the taxpayer unable to meet basic living expenses. They will immediately liquidate what assets they can and pay those funds to IRS as indicated on the 656. The tax liability accrued in one year as result of reorganization of tp's business which they thought was a tax free reorganization. They reinvested the proceeds of the transaction into the reorganized business. It was later determined by IRS that this was not a tax free transaction. They did not deliberately underpay therefore acceptance would not undermine compliance with the tax laws.

Offer deposit - n/a  
Date offer signed -2/5/13 by tp. Not signed by IRS but AOIC shows waiver date of 2/11/13.  
Third party designee - Elizabeth Copeland at 210-250-6121  
Corrections Needed - just IRS signature if offer accepted

ASED/TFRP: n/a  
CSED/# of months remaining on latest statute - 116

POA: Elizabeth Copeland for 1040 from 2000 thru 2009.

Will contact poa for the del tipra before going further with this offer. Will address pubs and mail if needed.

---

ACTION DATE: 08/07/2013 SYSTEM DATE: 08/07/2013 CONTACT: PHONE CREATE ID: 25152426

ATTEMPTED CONTACT

ATTEMPTED CONTACT  
RESULTS: Tc to poa. Got voice mail so left message for call back. Will attempt again on Monday if no response today as I will be out of the office most of the next two days.

---

ACTION DATE: 08/13/2013 SYSTEM DATE: 08/13/2013 CONTACT: PHONE CREATE ID: 25152426

ATTEMPTED CONTACT

ATTEMPTED CONTACT  
RESULTS: Checked AOIC and IDRS for posting of July tipra payment but still nothing. Attempted to call poa again and left another message. Prepared letter today to tp and poa advising that del tipra of 10,000 is due no later than August 26 or the offer will be closed as a mandatory withdrawal and no appeal. Advised that any future late payments will result in immediate withdrawal with no further contact.

---

ACTION DATE: 08/27/2013 SYSTEM DATE: 08/27/2013 CONTACT: CORR. CREATE ID: 25152426

GENERAL HISTORY

Received a withdrawal request in the mail - sent regular mail. Tp dated the withdrawal

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 04/12/2014 CREATE ID: 00000000

Systemic History: ENTITY UPDATE - IDRS

IDRS POA RECORD HAS ADDED TO ICS: REP ID: 03101691894 NAME: REGINA R ETHERIDGE FORM  
NUM: 2848

ACTION DATE: 04/21/2014 CREATE ID: 25083201

Systemic History: TRANSFER - ICS

REQUESTED BULK TRANSFER FROM RO 25083200 TO RO 25033437

ACTION DATE: 04/21/2014 CREATE ID: 25083201

Systemic History: ENTITY UPDATE - IDRS

INITIAL CONTACT DUE DATE 06/05/2014 - 45 DAYS

ACTION DATE: 04/21/2014 SYSTEM DATE: 04/21/2014 CONTACT: OTHER CREATE ID: 25083201

GENERAL HISTORY

Case transferred per ATAT manager request.

ACTION DATE: 04/28/2014 SYSTEM DATE: 04/28/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. new case; reviewed. This case is related to another case in the ATAT inventory,  
James & Corinne Gandy initially participated in the ODVI program, but  
later withdrew. Collection actions are ongoing with the related case. Ordered RAR. TPs reside  
west of SA; contact scheduled next time RO is in that area.

IDRS indicates TPs have filed IMF returns through 201212; however, the past three years show zero  
tax reported. 2012 shows negative Sched C balances in excess of \$1.4M and other losses in excess  
of \$4M.

NFTL has been filed in the county of residence.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 05/07/2014 SYSTEM DATE: 05/07/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

While in SATX on an unrelated case, conducted addtl analysis of IRP addresses, Kerr County records etc.

TPs ICS address is a Single-family dwelling with a 2013 FMV of \$1,048,300. No other property noted with CAD. FC scheduled to the area on 5/8. Contact with out-of-state POA will also be completed while in the field.

ACTION DATE: 05/08/2014 SYSTEM DATE: 05/08/2014 CONTACT: FIELD CREATE ID: 25033437

REAL PROP SEARCH  
ST./LOCAL GOVT. SEARCH

REAL PROPERTY SEARCH

RESULTS: FC to Kerr Co. Clerk. Conducted CRC. TPW appears to have received and disposed of a partial interest in RP several years before the NFTL filing. The deed inre the ICS situs address at 108 Larry Lee Dr secured. A D/T was executed when the RP was purchased in 2006, but this lien was released 11/26/2007. Note-Other evidence shows that TPH and his brother, Hary, sold their business around this same time for several million dollars each. Property appears to have been F&C when the NFTL was filed in 1/2013. Secured copies.

Additional D/T noted filed in Jan 2014 or one year after the NFTL; reviewed. The D/T is dated June 1, 2012 in the amount of \$1M due to Prem Gandy. Prem Gandy is TPH's mother who is known to be a Canadian national living in Ontario. The document indicates that once filed, it should be returned to Prem Gandy at 7887 Broadway, Apt. 307, SA, TX. RO fu at this address, but previous visits to the area indicate it might be a private mail business. Apparently, after the D/T was actually filed by James Gandy, it was returned to him at the Larry Lee address.

ST./LOCAL GOVT. SEARCH

RESULTS: FC to Kerr Co. Tax Office. Secured ad-valorem tax info. The Co. allows two installment payments if no escrow is involved. TPs have made the first payment for 2013 and owe another payment of \$2,497. RO advised that Kerrville ISD also collects taxes.

ST./LOCAL GOVT. SEARCH

RESULTS: FC to KISD tax office. All ad-valorem taxes paid; secured tax statement showing TPs are paying the taxes individually. TPs paid by check in early 2014 for 2013 taxes, but paid by AMEX in early 2013 for 2012. KISD records had check#, but not the issuing bank. RO to summons the AMEX.

ACTION DATE: 05/08/2014 SYSTEM DATE: 05/08/2014 CONTACT: FIELD CREATE ID: 25033437

NEIGHBOR SEARCH

NEIGHBOR SEARCH

No Neighbors Were Available

RESULTS: FC to ICS address on Larry Lee Rd. Located the subject residence. large

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

house noted; FMV at least \$1M as determined by the CAD. The house is on a large hill overlooking the City of Kerrville. 4-car garage noted. Secured photos for valuation purposes.

ACTION DATE: 05/09/2014 SYSTEM DATE: 05/09/2014 CONTACT: FIELD CREATE ID: 25033437

OTHER 3RD PARTY CONT.

OTHER 3RD PARTY CONT. ENTITY TYPE: BUSINESS  
NAME LINE 1: The Carlyle  
NAME LINE 2:

3RD PARTY CONTACT RECORD(S) GENERATED

INCLUDED MODULES: 30/200712 (B) Sec SSN: -6701

RESULTS: FC to 7887 Broadway. RO was incorrect, the address is a upscale, ten-story condo association. Located Mgr., Richard Popp who confirmed that #307 was owned by the Gandys, but he has only seen Mona Gandy and her mother Prem Gandy. However, the unit may be going up for sale because the Gandys have advised Pippas that they don't travel enough to SA to use the condo. Secured info. from condo file, but UTL deed. Neither James or Hary Gandy have been noted at this location, but Pippas was aware that other family may reside in the SA area.

ACTION DATE: 05/09/2014 SYSTEM DATE: 05/09/2014 CONTACT: OTHER CREATE ID: 25033437

REAL PROP SEARCH

REAL PROP SEARCH  
RESULTS: Researched Bexar Co.; located condo. FMV 229k; held in the name of Prem Gandy. Mailing address is the same as the situs address, 7887 Broadway, #307, SA. Deed info:

4/13/2006 12:00:00 AM GWD General Warranty Deed SCHNEIDER HOWARD H JR & to GANDY PREM, V12076, P0963 Deed# 20060092818

ACTION DATE: 05/15/2014 SYSTEM DATE: 05/15/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

OTHER 3RD PARTY CONT. ENTITY TYPE: OTHER  
NAME LINE 1: Reprisal  
NAME LINE 2:

x-ref history:

3RD PARTY CONTACT RECORD(S) GENERATED

RESULTS: FC to SA IRS. Met with WB CI. Discussed information at length and secured documents pertaining to TP

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 05/19/2014 SYSTEM DATE: 05/19/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Copied and returned records.

ACTION DATE: 05/27/2014 SYSTEM DATE: 05/27/2014 CONTACT: PHONE CREATE ID: 25033437

TP/POA CONTACT  
PAYMENT/DEL RET DEMAND  
DEADLINE GIVEN  
PUB 1 VERIFIED  
PUB 594 VERIFIED

RESOLUTION PLAN DISCUSSED

TP/POA CONTACT

P/c to POA Etheridge in FL. She still represents TPH, but stated she needs a POA for TPW. TP was referred to EA inre the NFTL issue. EA Etheridge is a former RO and claims that TPH's mother is foreclosing her lien on the residence because TP is allegedly broke. Advised her that the govt's lien predates the D/T and RO will not support a discharge unless the funds come to IRS. RO also questioned notice because nothing has been recd. involving this NJF actions. POA stated that it's actually set for July and notices are forthcoming. POA stated she has records inre the loan from TPH's mother and will fax to RO. POA stated she does not have current financial records from TP, but will have them start securing the info. POA requested addtl time because she has an upcoming surgery. Advised her RO will be sensitive in the DL, but the F9297 will be issued within the next week as RO finishes up training.

POA claims some case law is evident that has ruled in the favor of the lienholder even though the lien was not perfected. RO advised POA collection actions will be progress under the "first in time, first in right" theory until RO directed differently by IRS counsel.

POA is aware of all collection actions, NFTL etc. IRC 6330 rights have not yet been proffered. DL set to 5/30 for records inre RE sale, loan etc and updated F2848. POA acknowledged.

TAXPAYER RIGHTS PUBLICATIONS

Publication 1 Verified  
It was previously received by TP/POA.  
Provided explanation of contents on 05/27/2014.  
Answered questions on 05/27/2014.  
Publication 594 Verified  
Provided explanation of contents on 05/27/2014.  
Answered questions on 05/27/2014.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

PAYMENT/DEL RET DEMAND  
RESULTS: AA

RESOLUTION PLAN DISCUSSED

DEADLINE GIVEN  
DATE DUE: 05/30/2014  
ACTION: Provide documentation about the foreclosure and an updated POA.  
CONSEQUENCES: Enforcement of the government's lien

ACTION DATE: 05/27/2014 CREATE ID: 25033437

Systemic History: ENTITY UPDATED - ICS

POA-CAF ADDRESS (P) updated  
for REGINA R ETHERIDGE 4525 POINT O WOODS DR

Others: FROM TO  
-----

Fax: 8888836573 (866) 663-6573

ACTION DATE: 05/30/2014 CREATE ID: 25033437

Systemic History: TEMPLATES

TEMPLATE: LETTER 9297 - COVER LETTER TO POA

GENERATED TO POA:  
REGINA R ETHERIDGE  
4525 POINT O WOODS DR  
WESLEY CHAPEL, FL 33543-6936251

ACTION DATE: 05/30/2014 SYSTEM DATE: 05/30/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Returned from training. Drafted detailed F9297 and faxed to POA Etheridge; cc to TPs. RO has not yet recd. the documents that pertain to the alleged lien on the RP so that issue was referenced in the letter to POA with a DL to 6/5 for response. The DL for remaining F9297 information is 6/23.

ACTION DATE: 06/17/2014 SYSTEM DATE: 06/17/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. addtl info. from CI; reviewed. TPH linked to aircraft in Kerrville, TX and possible relationship to TPW's monther's house in Ingram, TX. Also noted that TPs' residence has been posted for foreclosure; however, IRS lien was filed prior to the alleged foreclosure and IRS has not recd. any notice. IRS Lien will still attach and it also appears that the



REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: 4333

lien may be bogus since TPH's mother is the alleged creditor. Evidence is also showing the possible use of nominee entities to disguise ownership in assets include aircraft in Kerrville.

ACTION DATE: 06/17/2014 CREATE ID: 25976802

Systemic History: NEW MODULE - ICS

INCOMING NF 00000003 - 147 NON-JUDICIAL FORE. 25976881

ACTION DATE: 06/17/2014 SYSTEM DATE: 06/17/2014 CONTACT: OTHER CREATE ID: 25976802

GENERAL HISTORY

TJA/OKC

7-1-2014 SALE NOTICE REC'D  
PROPERTY: 108 LARRY LEE DRIVE, KERRVILLE, TX 78028.  
FORWARDED COPY OF NOTICE TO RO#2503-3437 - JAMES ASHTON  
FOR REDEMPTION POTENTIAL TO BE DETERMINED & DOCUMENTED.  
CLOSING ICS CONTROL.

ACTION DATE: 06/18/2014 SYSTEM DATE: 06/18/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. NJF notice from OKC. NFTL primes the alleged foreclosing party. This appears to be a tactic to remove the IRS lien. L1058 is appropriate and will be went to arrive the day after the F9297 is due from POA.

ACTION DATE: 06/19/2014 CREATE ID: 25976881

Systemic History: INVENTORY ITEM CLOSED - ICS

NF - ACTION ACCEPTED 00000003

ACTION DATE: 06/23/2014 SYSTEM DATE: 06/23/2014 CONTACT: PHONE CREATE ID: 25033437

TP/POA CONTACT

TP/POA CONTACT

P/c from POA Etheridge who stated TPs have responded to her inre F9297, but in her words, something isn't right. POA indicates that the CIS provided to her doesn't "jive" with the other documents and that she didn't want to provide "garbage". POA admitted that TPs have previously told her that their business is closed, but she sees activity in the WF bank

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

account. POA also indicated that TPs told her they had no monies, but accounts show otherwise. RO questioned balances; in excess of \$50k is on deposit with WF. POA requested several day extension for F9297 information citing her need to corroborate the info. with TPs and provided an accurate F433A/B. POA also stated she is undergoing chemo which will take up a day. RO agreed, but only on the condition that TPs pay over funds currently on deposit to RO directly nlt 6/27. If not recd., collection actions will be initiated. POA acknowledged and stated she is a retired RO and will properly advise TPs.

Discussed NJF and advised POA that the only way a discharge will be contemplated if the govts full interest is remitted and absent that, the full equity will be addressed. POA is aware of the FMV; RO advised her that field actions have already addressed the residence.

---

ACTION DATE: 06/25/2014 SYSTEM DATE: 06/25/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. addtl info. from 3rd party regarding payments that might be available for levy; forwarded info. to Austin Counsel Atty Brooke Laurie

Info. also states the Prem Gandy, mother of James and Hary Gandy did not provide funds for James Gandy's Kerrville residence as is purported in the D/T that is inferior to the NFTL.

---

ACTION DATE: 06/26/2014 SYSTEM DATE: 06/26/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. \$40k remit drawn on joint acct at WF; Acct# 1001.

Requested 3rd party summons approval in case acct info. not provided as requested.

---

ACTION DATE: 06/26/2014 CREATE ID: 25033437

Systemic History: MODULE(S) UPDATED - ICS

REMITTANCE SECURED: 30/200712 TC 670 6/26/2014 -\$40,000.00 DPC: 99  
REMARKS: NONE

---

ACTION DATE: 06/26/2014 SYSTEM DATE: 06/26/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

P/c from Houston Counsel Atty Susan Fenner inre

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 06/26/2014 SYSTEM DATE: 06/26/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

RO unsure if Austin Atty Laurie is on duty this week; p/c made to Austin Counsel Atty Bruce Wilpon. Discussed and reviewed IDRS, SOS and other sources inre Gandy Digital LLC aka Gandy Engineering. 5046. SOS confirms that both entities are the same SOS ID#. Payroll returns were filed by Gandy Digital through 200312; however, no 1065/1120 FR exist. IDRS listed James Gandy as the Sole member of Gandy Digital and he has reported a \$567k loss in 2012 from Gandy Digital LLC and \$845k loss from Gandy Digital ULC on his jointly-filed F1040. The 2013 SOS PIR shows Prem Gandy as the only member of the LLC which further blurs the lines of the LLC receiving the \$125k.

Counsel suggested

ACTION DATE: 06/27/2014 SYSTEM DATE: 06/27/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. faxed info. from POA Etheridge; reviewed. Unsigned Forms 433A/B and minimal bank records. POA indicates she was only submitting the latest statements, but "has the rest if IRS wants them."

Many items on F9297 not provided. TPs' response is significantly deficient; however, one new entity noted. TPH shows he owns and operates Gemini Aviation, 7130 at 1875 Airport Loop, #105, Kerrville, TX. Nothing regarding Gandi Digital aka Gandy Engineering and the possible receipt of \$125k settlement from Digitech is noted in the CIS.

Issuance of L1058 is appropriate, but RO has been discussing with IRS counsel, L1058 will be addressed after the levy issue is resolved.

Also recd. addtl information from 3rd party including TPs' original Voluntary Disclosure Materials to IRS and info. inre the lawsuit involving Gandy Digital. Reviewed ODVI info.; TPs show ownership of numerous offshore accts in Switzerland, Dubai and Canada. None of these are reported on the unsigned CIS' as well.

ACTION DATE: 06/27/2014 SYSTEM DATE: 06/27/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Reviewed information inre pending lawsuit between Digitech and Gandy Digital. Digitech asserts that Gandy Digital is a sham entity used to disguise income and assets from creditors which include the IRS. It also alleges that the involvement of Prem Gandy, TPH's mother and Mona Gandy, TPH's sister are as figureheads and that James Gandy is the technical expert of Gandy Digital and Hary Gandy was the sales expert. Note-IDRS shows James Gandy reports Gandy Digital as a SMDE and the income/expenses flowed through his Forms 1040. Because Gandy Digital is a SMDE, levy action can take place against the funds

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

that are going to be paid from Digitech to Gandy Digital. However, CDP rights have yet to be issued. RO to fu with GM in jeopardy.

P/c to GM; LMFCB on vms.

---

ACTION DATE: 06/27/2014 SYSTEM DATE: 06/27/2014 CONTACT: PHONE CREATE ID: 25033437

TP/POA CONTACT

TP/POA CONTACT

P/c to POA Etheridge; LMFCB on vms. Detailed message left acknowledging the receipt of the funds directly from TPs and the two faxes from POA recd. this a.m. Advised POA that RO requested all of the bank statements as well as the other documentation listed on F9297 that have not been recd. such as signed CIS', cc info. etc.

---

ACTION DATE: 06/27/2014 SYSTEM DATE: 06/27/2014 CONTACT: PHONE CREATE ID: 25033437

GENERAL HISTORY

P/c to GM; discussed jeopardy issues.

P/c to AI Advisor Ambuehl; discussed jeopardy issues.

RO to forward memo to GM ASAP; AL impinges his and TM's review/approval abilities.

---

ACTION DATE: 06/27/2014 SYSTEM DATE: 06/27/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Completed jeopardy memo requesting levy approval; forwarded to GM w/exhibits.

---

ACTION DATE: 07/02/2014 SYSTEM DATE: 07/02/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

P/c from AI Advisor Alan Ambuehl; discussed

P/c to Counsel; LMFCB.

P/c to AGM Houston; advised her of case actions to date. She is AGM this week and case RO is AGM next week. RO to forward amended narrative to AI with CC to AGM. AGM will review and forward her concurrent to Advisor Ambuehl, if appropriate.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 07/03/2014 SYSTEM DATE: 07/03/2014 CONTACT: FIELD CREATE ID: 25033437

OTHER 3RD PARTY CONT.  
GENERAL HISTORY

OTHER 3RD PARTY CONT. ENTITY TYPE: OTHER  
NAME LINE 1: Reprisal  
NAME LINE 2:

3RD PARTY CONTACT RECORD(S) GENERATED

INCLUDED MODULES: 30/200712 (B) Sec SSN: 6701

RESULTS: P/c from third party; funds payable to Gandy Technical might have to be paid sooner than expected to stall addtl legal maneuverings which means today or tomorrow. Reminded third party that tomorrow is a holiday. 3rd party agreed it might delay until Mon. Advised 3rd party that RO will be back in touch.

P/c from IRS Counsel Atty Wilpon while RO in field, discussed

P/c to AGM Huston, discussed at length. TM has already been briefed by GM prior to his departure on AL. AGM will review and forward memo to counsel and AI.

P/c to AI Advisor Ambuehl; LFMCB.

ACTION DATE: 07/03/2014

CREATE ID: 25976809

Systemic History: NEW MODULE - ICS

INCOMING NF 00000004 - 186 JEOPARDY 25976809

ACTION DATE: 07/03/2014 SYSTEM DATE: 07/03/2014 CONTACT: OTHER CREATE ID: 25976809

GENERAL HISTORY

Advisor History - Ambuehl

06/30/2014 actions - I reviewed email received late 06/27/2014. It transmitted request for Counsel approval of jeopardy levy to collect considerable payment due soon to TP on case where IRC 6330/6331(d) notices have not yet been sent. Hence jeopardy is needed if levy is to be served. I pulled and reviewed pertinent IDRS & ALS information. I also reviewed request memo and attachments. Jeopardy appears supported. Payment is pending and taxpayer has a history of concealing assets and income. Alter ego component to request is needed as well. I called and emailed RO to discuss.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

07/02/2014 actions - I discussed with RO Ashton.

07/03/2014 actions - TC from RO Ashton. He has heard check will be issued in the next few days. Rwequest needs to get to Counsel as soon as he finalizes the request - it'll go up later today. I'll received a copy on the way there. Prior review indicates

---

ACTION DATE: 07/03/2014 CREATE ID: 25976809

Systemic History: FOLLOW UP - ICS

Follow up (OI/NF/PALS) created for: 07/07/2014 JAMES & CORINNE GANDY - check with RO as needed

---

ACTION DATE: 07/03/2014 SYSTEM DATE: 07/03/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

NO NARRATIVE ASSOCIATED WITH THIS HISTORY ENTRY

---

ACTION DATE: 07/03/2014 SYSTEM DATE: 07/03/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

P/c from AI Advisor Ambuehl, discussed at length. Austin counsel has indicated

Completed updated narrative; converted to PDF and forwarded to AGM Huston for review and approval. Entire electronic package including exhibits and prior GM approval forwarded to AGM under separate email requesting she insert the approved, updated narrative and forward the package directly to Austin counsel with cc to AI, RO and GM. AGM has indicated she will contact TM when necessary and have him approve the action in ICS. RO to immediately return to the POD so that jeopardy documents may be prepared if TM approves.

---

ACTION DATE: 07/03/2014 SYSTEM DATE: 07/03/2014 CONTACT: OTHER CREATE ID: 25976809

GENERAL HISTORY

Advisor History - Ambuehl

Copy of final jeopardy/alter ego aproval request received and reviewed - it is ready to go to Counsel. I advised RO, GM & Counsel (B Wilpon).

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 07/03/2014

CREATE ID: 25033437

Systemic History: TEMPLATES

TEMPLATE: LETTER 2439A - NOTICE OF JEOPARDY LEVY AND RIGHT OF APPEAL (DUAL NOTICE)

GENERATED TO:  
JAMES & CORINNE GANDY  
108 LARRY LEE DR  
KERRVILLE, TX 78028-6541081

ACCRUAL DATE OF 07/13/2014

INCLUDED MODS:  
30/200712

ACTION DATE: 07/03/2014

CREATE ID: 25033437

Systemic History: FORMS/CORRESPONDENCE

LEVY SOURCE ADDED:  
DIGITECH USA  
ATTN ACCOUNTS PAYABLE  
121 INTERPARK BLVD STE 1001  
SAN ANTONIO, TX 78216

ACTION DATE: 07/03/2014 SYSTEM DATE: 07/03/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Austin counsel has AGM is forwarding to TM. Prepared draft levy using L2439A prepared with F668A and L2438. All documents and pubs prepared; POA's copies included. Packages awaiting TM approval in ICS history.

ACTION DATE: 07/03/2014 SYSTEM DATE: 07/03/2014 CONTACT: OTHER CREATE ID: 25033417

GENERAL HISTORY

Rec'd verbal approval from TM for jeopardy levy. Notified RO.

KH AGM

ACTION DATE: 07/03/2014 SYSTEM DATE: 07/03/2014 CONTACT: CORR. CREATE ID: 25033437

GENERAL HISTORY

Message recd. from AGM Houston that TM Lopez has approved the jeopardy levy and authorized RO to send the levy, paperwork on his behalf etc. TM indicated he will will further input

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY

TIN: -4333

approval when possible.

Levy faxed to Digitech w/ L2438; hard copy sent.

Letters 2439A, copy of levy and all pubs required per IRM 5.11.3.4 sent to TPH and TPW via certified mail under separate cover; cc of all to POA Etherige.

---

ACTION DATE: 07/03/2014 SYSTEM DATE: 07/03/2014 CONTACT: OTHER CREATE ID: 25035903

GENERAL HISTORY

Jeopardy levy approved. JLL TM

---

ACTION DATE: 07/07/2014

CREATE ID: 25033437

Systemic History: TEMPLATES

TEMPLATE: FORM 4844 FOR TC 971 - LETTER 1058 ACTIONS

INCLUDED MODS:  
30/200712

---

ACTION DATE: 07/07/2014 SYSTEM DATE: 07/07/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Prepared F4844; forwarded to CCP for input of TC 971 tc 69 for both SSNs. IRC 6330 rights have been issued with the jeopardy letter.

---

ACTION DATE: 07/09/2014 SYSTEM DATE: 07/09/2014 CONTACT: OTHER CREATE ID: 25976809

GENERAL HISTORY

Advisor History - Ambuehl

Assoc Area Counsel was received and jeopardy levy approved by TM and served later that afternoon. Advisory action concluded - ICS control module closed

---

ACTION DATE: 07/09/2014

CREATE ID: 25976809

Systemic History: INVENTORY ITEM CLOSED - ICS

NF - ACTION ACCEPTED

00000004



REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 07/10/2014 SYSTEM DATE: 07/10/2014 CONTACT: FIELD CREATE ID: 25033437

TP/POA CONTACT

TP/POA CONTACT

While in field, p/c recd. from POA Etheridge who stated she has received no mail from RO. Advised her of jeopardy levy actions and documentation. Discussed at length. POA is former RO and undertands that CDP rights and the appeal of the jeopardy were triggered by the levy action. POA stated TPs sent her a signed CIS, but it was not credible as she previously advised RO. The CIS faxed to RO was created by POA using bank records and other data provided by TPs and she removed nothing inre business ownership so she was unaware of Gandy Engineering. Advised her that Gandy Engineering LLC is a SMDE and TPH is the SMO. POA was also not aware of the history of accounts owned by TPs outside CONUS. POA stated she will review the docs and address the issues with TPs. POA also stated that she has already advised them to "not lie to me", and she will attempt to secure a full accounting of all income and assets. TPH allegedly borrowed the funds to pay POA from his sister Mona Gandy. POA advised RO that the house was foreclosed by Prem Gandy and struck off so the mother is allegedly the legal owner of the RP. TPs still reside there, but pay no rent. The use of Mona and Prem Gandy to disguise ownership and equity in assets is consistent with info. secured from a 3rd party who claims it is all a ruse to defeat IRS and other creditors.

Advised POA that the lien attaches to the RP and a discharge for full value will be required. A demand will be made on Prem Gandy or the RP will be seized and sold. POA claims the property is for sale. RO recommended that TPs sell the residence and provide IRS the funds to reduce their liability.

POA also noted that TPs approached her about an \$100k OIC, and she advised them that POA's own computations, as a former OIC Spec, indicate their OIC would have to be \$1.2M and that excludes the equity in the house or any accounts, businesses etc that she doesn't know about. RO commented that since they have been advised of POA's OIC computations, any OIC received for less than \$1.2M should be returned as having been admitted to solely delay collection. POA acknowledged this was true. RO to await any response inre CDP and/or appeal of the jeopardy determination.

ACTION DATE: 07/11/2014 SYSTEM DATE: 07/11/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Message recd. from POA Etheridge that she has not recd. her copies of the jeopardy; RO faxed a copy to her as a professional courtesy.

ACTION DATE: 07/11/2014 CREATE ID: 25033437

Systemic History: TEMPLATES

TEMPLATE: FORM 4844 FOR TC 971 - LETTER 1058 ACTIONS

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

INCLUDED MODS:  
30/200712

ACTION DATE: 07/11/2014 SYSTEM DATE: 07/11/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. USPS receipts from jeopardy paperwork; F4844 prepared and sent to CCP for input of TC 971 ac 66; 7/9/2014 is date of receipt for both certified letters.

ACTION DATE: 07/18/2014 SYSTEM DATE: 07/18/2014 CONTACT: PHONE CREATE ID: 25033437

OTHER 3RD PARTY CONT.

OTHER 3RD PARTY CONT.

Not an IRC 7602(c) 3rd Party Contact  
RESULTS: P/c from 3rd party; discussed issues pertaining to RP in SA that may be generating income to James and/or Hary Gandy, but held in the name of their sister, Mona. Discussed website showing Gandy Digital's new location in Ontario. 3rd party indicated the site is designed to look like a continuation of the business operated by James Gandy, but in reality, it's Hary Gandy trying to generate a like-sounding Canadian Co. Addtl documents will be faxed to RO about RP off Hwy 90 in Bexar Co.

ACTION DATE: 07/22/2014 SYSTEM DATE: 07/22/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

RO on ATAT Instructor Detail in JAX 6/21-8/8.

ACTION DATE: 07/29/2014 SYSTEM DATE: 07/29/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Correction. RO on detail 7/21-8/8; return 8/12.

ACTION DATE: 08/11/2014 SYSTEM DATE: 08/11/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Returned from instructor detail. TPs have not appealed the jeopardy determination nor have they submitted a request for CDP under IRC 6330. Case actions to continue. Possible anomaly noted in the notary stamp used on the documents arising out of the alleged 2012 debt-D/T that was filed after the NFTL, but purports to pre-date the lien. Although the D/T and underlying lien were both signed within 3 months of each other in 2012, the same

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

notary used different stamps.

Both documents were notarized by A.J. Allee. Accessed TX Notary info.:

Name: A J Allee - ID: 125265158  
Address: 29642 Smokey Mountain Trail  
Bulverde, Tx 78163  
Expires: May 13, 2017  
County: Comal  
Agency: Nna Insurance Services  
Surety Company: Merchants Bonding Company(Mutual)  
History As Effective Expire Date  
Recommissioned A.J. Allee 05/13/2013 05/13/2017  
Commissioned Notary Public A.J. Allee 05/13/2009 05/13/2013  
Commissioned Notary Public A.J. Allee 04/14/2005 04/14/2009

Allee's Notary stamp on the alleged \$1M loan doc between TPH and his mother dated March 9, 2012 expired 5/13/2013. The expiration date on the notary stamp evident on the related D/T supposedly signed three months later on June 1,2012 is 5/13/2017 indicating the second document had to have been signed after 5/13/2013 per the state of TX.

---

ACTION DATE: 08/13/2014 SYSTEM DATE: 08/13/2014 CONTACT: CORR. CREATE ID: 25033437

GENERAL HISTORY

Recd. a faxed letter from SA Atty Robert Werner who is representing Gandy Digital LLC claiming that creditors can not execute on the assets of a LLC in good standing. Interestingly, TPs haven't said a word about the jeopardy or CDP and the F2848 from Gandy Digital LLC was signed by Hary Gandy, not James Gandy. Forwarded the letter to Austin counsel

P/c to Atty Werner per his request; LMFCB on vms.

P/c from Atty Robert Werner who is representing Gandy Digital LLC. Discussed the issues; RO advised him that counsel has been involved during the entire levy process and his letter has already been sent for review. Atty stated he has been told by Digitech that the levied funds may be made part of an interpleader suit. RO has no such info. Atty does not dispute that Gandy digital is a SMDE owned by James Gandy, but has non-member parties who have been authorized to act on behalf of the LLC. RO questioned Hary Gandy's involvement as he appears nowhere in the SOS records. Advised atty of CAP rights, but stated RO will be immediately responsive when info. is recd from counsel. Werner confirmed he does not represent James Gandy in any fashon and was not aware of the levy issue until yesterday.

---

ACTION DATE: 08/14/2014 SYSTEM DATE: 08/14/2014 CONTACT: OTHER CREATE ID: 25033401

GENERAL HISTORY

TC from Bob Werner, 210-867-0441. He had left a message that objected to the levy. He

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

stated that James Gandy is the "owner" of the business in the course of his message.

TC to the above number, spoke to POA Werner. He is the POA of Gandy Engineering LLC, not James Gandy. He thought levy could be issued only after a court order. Explained our process for alter-ego -- that we believe we have a preponderance of evidence and that we received a recommendation from Counsel.

After that, we issued the levy.

Gandy Engineering can file a CAP, but not a CDP. Offered CAP rights. gave fax #. TAC

---

ACTION DATE: 08/14/2014 SYSTEM DATE: 08/15/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

While in field, recd. email from Austin counsel advising

---

ACTION DATE: 08/14/2014 SYSTEM DATE: 08/15/2014 CONTACT: FIELD CREATE ID: 25033437

OTHER 3RD PARTY CONT.

OTHER 3RD PARTY CONT.

Not an IRC 7602(c) 3rd Party Contact  
RESULTS: While in the field, p/c recd. from Atty Bob Werner requesting a follow up on the levy. RO advised him that the levy will not be released. Advised Atty inre CAP rights for Gandy Digital LLC and provided GM contact name and number.

Briefed GM on case actions to date; sat in on call to Atty Werner inre CAP discussion, alter-ego levy etc. GM proffered CAP rights to Atty Werner who was advised to fax documents to RO.

---

ACTION DATE: 08/14/2014 SYSTEM DATE: 08/15/2014 CONTACT: FIELD CREATE ID: 25033437

TP/POA CONTACT

TP/POA CONTACT

While in field, p/c recd. from POA Etheridge who stated she was faxing addtl CIS information recd. from TP. RO questioned why this wasn't provided in the first submittal; POA did not know. Advised POA that RO was on the road, but will fu on 8/15 when back in the office. POA stated TPs what consideration for an IA. RO advised her that the RP in Kerrville must be resolved because the FTL still attaches to the RP regardless of the actions taken by TP's mother inre the alleged note on the RP. RO also advised that absent either conveyance back to TPs or a discharge for FMV, suit actions will be recommended.

POA stated that TPH claims to want resolution and stated IRS could have the money involved in the jeopardy levy action. RO advised POA that if TP wants to resolve the levy, then he needs to send a statement to RO affirming this as fact. POA acknowledged.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

P/c to GM; briefed him on case updates.

ACTION DATE: 08/15/2014 SYSTEM DATE: 08/15/2014 CONTACT: OTHER CREATE ID: 25033437

TP/POA CONTACT  
GENERAL HISTORY

TP/POA CONTACT

Recd. fax; reviewed. TPH stated the funds levied were to be paid to attorneys for Gandy Digital. TPH did not relinquish the funds as previously stated by POA Etheridge. CAP timeframe is proceeding.

ACTION DATE: 08/15/2014 SYSTEM DATE: 08/15/2014 CONTACT: OTHER CREATE ID: 25033401

GENERAL HISTORY

After discussing form 2848 with RO Ashton, and his analysis of secretary of state filings, it appears that Hary Gandy does not have standing to sign the form 2848. He signed it as "president." RO Ashton has other docs showing James Gandy as "president." Also, SOS does not give Hary Gandy standing. POA Werner yesterday stated that James Gandy was sole member and sole owner of Gandy Engineering. (Note: Gandy Engineering's address is the home address of James Gandy).

Called Bob Werner at 210-736-6600 to ask about the 2848. He stated that just like "IBM is owned by shareholders, it has a president, and that is the role of Hary Gandy." When asked about proof of his standing, he referred me to the SOS. Because we had already researched and analyzed SOS filings, I knew that this "proof" did not exist.

Told him that at this time, we could not comment on the SOS because we no longer believed the form 2848 granted him the power-of-attorney for Gandy Engineering. He could submit proof to RO Ashton of Mr. Hary Gandy's standing prior to his signature on the form 2848.

Called RO and discussed the above. At risk of disclosure, the form 2848 showing Bob Werner as POA appears to be invalid. Any proof of standing would have to be before the signature of Hary Gandy on that form 2848 unless a new form 2848 is received after Hary Gandy has been given standing in the "company." TAC

ACTION DATE: 08/15/2014 SYSTEM DATE: 08/15/2014 CONTACT: PHONE CREATE ID: 25033437

TP/POA CONTACT

TP/POA CONTACT

P/c to POA Etheridge who acknowledged that TP's email was not consistent with his statements to her yesterday. Discussed case issues to date, inconsistencies with evidence provided to RO and whether TPs have been fully responsive to IRS requests for production of records.

Advised POA that RO is requiring of plan of action in the Kerrville residence nlt 8/31 and that absent a plan to liquidate the equity to pay IRS eg discharge, sale etc. or a

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

conveyance to resolve the cloud on the title, a suit to foreclose the FTL on the residence will be the next proposed action after administrative collection efforts are exhausted. RO confirmed that POA understood that failure to address the alleged foreclosure will result in levy actions to include accounts, physical assets etc and a suit on the residence will follow. POA acknowledged DL.

ACTION DATE: 08/22/2014 CREATE ID: 25033401

Systemic History: ENTITY UPDATED - ICS

SUB CASE CODE updated from (000) COMPLIANCE TDA/TDI  
to (309) ATAT

ACTION DATE: 08/22/2014 CREATE ID: 25033401

Systemic History: ENTITY UPDATED - ICS

GRADE LEVEL changed from 12 to 13.  
Factors:

Nature of Entity  
Income

Range of Case Issues  
Financial investigations where taxpayers employ subterfuges to conceal income and assets

Personal Contacts  
Interaction with Chief Counsel, Area Counsel, Department of Justice, U.S. Attorney's Office, Exam, CID, Appeals and high-level federal and state government agency representatives

ACTION DATE: 08/22/2014 SYSTEM DATE: 08/22/2014 CONTACT: OTHER CREATE ID: 25033401

GENERAL HISTORY

TC 210-736-6600. Returned call of Bob Werner. He stated that they had sent material showing Harry Gandy's standing to make a POA election to RO Ashton and me. I had not received anything. Informed him that any material would need to have been signed by James Gandy prior to the 2848 we had received. If signed after, we would need a new form 2848. He said he understood. TAC

ACTION DATE: 08/25/2014 SYSTEM DATE: 08/25/2014 CONTACT: OTHER CREATE ID: 25033401

GENERAL HISTORY

Received copy of minutes showing James Gandy signing them with an effective date of 12/1/2013 showing Hary Gandy to be president. For purposes of us v disclosure, this submission will be taken at face value. Signed the 9293 faxed to RO Ashton. TAC

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

**Name: JAMES & CORINNE GANDY** **TIN: -4333**

---

ACTION DATE: 08/25/2014 SYSTEM DATE: 08/26/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Returned from AL; discussed case with GM. Documentation was recd. from Atty Werner that shows the LLC executed minutes in Dec. 2013 transferring operation of the LLC to Hary Gandy. Although other evidence provided by James Gandy has shown the probability of back-dated signatures, GM has determined that it is sufficient for Werner to act on the behalf of the LLC. F9423 has already been recd. by GM; who signed it and is forwarding to RO for transmission to Appeals.

---

ACTION DATE: 08/26/2014 SYSTEM DATE: 08/26/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Completed remainder of F9423; faxed documents to Appeals. RO has also been advised that an interpleader has been filed by Digitech inre the disputed funds. Austin counsel attorney Bruce Wilpon is handling the issue for IRS.

---

ACTION DATE: 08/26/2014 SYSTEM DATE: 08/26/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

P/c to IRS Atty Bruce Wilpon; discussed at length. The interpleader was filed by Hary Gandy and Gandy Engineering LLC. Counsel indicated

Accurint and Relavint access fixed; secured reports for J. Gandy.

---

ACTION DATE: 09/02/2014 SYSTEM DATE: 09/02/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

P/c from DOJ Tax Atty Wayman DuBose; discussed

---

ACTION DATE: 09/05/2014 SYSTEM DATE: 09/05/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

While in the field, recd. closing letter from Appeals sustaining IRS in the alter-ego

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

OTHER 3RD PARTY CONT.

Not an IRC 7602(c) 3rd Party Contact

RESULTS: P/c from Patrick Coldewey inre levy. Coldewey brought another employee, Trent Garmoe, who is better versed in the matter. Advised them that the administrative issues have been resolved and the funds need to be paid to IRS. Several questions arose inre legal fees incurred for the interpleader, will they get written notice etc. Advised them that legal fees could not be taken off the levied funds and Digitech will not receive notice because they were not part of the appeal. Digitech questioned if they could speak with counsel inre these issues; RO agreed to contact DOJ Tax, but this call serves as notice. Coldewey requested RO fu with Garmoe.

P/c to DOJ Tax Atty DuBose;

P/c to Digitech; spoke with Mr. Garmoe. Advised him that DOJ concurred with RO, but contact will have to come from their counsel if addtl discussions are needed. Advised Garmoe that IRS' position is that the funds need to be paid at this point. Garmoe will ensure funds are cut nlt 9/12. RO agreed to this deadline.

---

ACTION DATE: 09/24/2014 SYSTEM DATE: 09/24/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

Recd. 95 page fax from Atty Patrick Strauss claiming he's owed monies from his representation of Gandy Engineering against Digitech. Atty is citing IRC 6323(b)(8) and has attached his billing statements, affidavits etc. He also provided an engagement letter signed by TP and Hary Gandy on behalf of Gandy Engineering. Interestingly, this was signed March 2014 which is after James transferred his ownership and mgmt to Hary. Billing address is James' personal home address in Kerrville, TX.

Forwarded info. to Austin Counsel Atty Brooke Laurie for review and comment. Digitech has not yet released the funds, but are ready pay when advised by IRS. RO desirous of resolving this issue so

---

ACTION DATE: 09/24/2014 SYSTEM DATE: 09/24/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

Prepared CIS summons to include testimony from both taxpayers; set short response date to 10/10 at 10A in order to save travel funds because RO is scheduled back in the SA area on 10/9 for Hary Gandy's last chance apt.

---

ACTION DATE: 09/25/2014 SYSTEM DATE: 09/25/2014 CONTACT: FIELD CREATE ID: 25033437

OTHER 3RD PARTY CONT.

OTHER 3RD PARTY CONT. ENTITY TYPE: BUSINESS  
NAME LINE 1: Kerrville FBO  
NAME LINE 2:



REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY

TIN: -4333

FC to su subject address; single-family dwelling noted and not a business location. Door answered by Mrs. Allee who stated her husband was at work. His contact number is 210- -4831. RO gave card for CB.

---

ACTION DATE: 09/26/2014 SYSTEM DATE: 09/26/2014 CONTACT: FIELD CREATE ID: 25033437

OTHER 3RD PARTY CONT.

OTHER 3RD PARTY CONT.

Not an IRC 7602(c) 3rd Party Contact

RESULTS: P/c from Notary AJ Allee. RO questioned his notary stamp on subject documents. Allee stated he recalled documents involving TPH and that he has notarized many documents for James Gandy. Allee referenced note, involvement of James' sister, mother etc. RO advised Allee that the question remains how he notarized a document in 2012 using a stamp he did not receive from the State of TX until 2013. Allee never really provided an answer and stated he would have to review his records, receipt of notary stamp etc. Allee agreed to review his records and contact RO on 9/29.

---

ACTION DATE: 09/26/2014 SYSTEM DATE: 09/26/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

Ran plate on VW Bug observed at the Kerrville airport; TX DDX-4001. 2014 VW Beetle is titled to TPW; note with VW Finance has been filed on the title.

---

ACTION DATE: 09/29/2014 SYSTEM DATE: 09/29/2014 CONTACT: PHONE CREATE ID: 25033437

ATTEMPTED CONTACT - POA  
TP/POA CONTACT

ATTEMPTED CONTACT - POA

RESULTS: P/c to POA Etheridge inre CIS summonses; LMCB w/ asst.

---

ACTION DATE: 09/29/2014 SYSTEM DATE: 09/29/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Austin counsel atty Brooke Laurie has advised RO to

P/c to Trent Garmoe, Digitech's contact point provided to IRS. Advised him that IRS needs to the funds paid pursuant to the levy and failure to do so will result in the issuance of a final demand. Garmoe requested written instructions because of the past litigation. Advised Garmoe that the levy is sufficient but RO will forward a brief letter.

Letter prepared and faxed with a copy of the corrected levy.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 09/30/2014 SYSTEM DATE: 09/30/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

P/c to TX SOS Notary section. Confirmed Allee's most recent notary was recommissioned from 2013-2017 on 2/2013. Employee stated it was possible to received stamps prior to recommission, but 8 months would be doubtful because of bonding purposes. Allee is bonded by National Notary Association in CA who also supplies notary supplies like books, stamps etc. SOS commissions but doesn't provide any hardware.

P/c to NNA. Provided addtl info. inre notary. Response limited and a summons will be needed; however, it notary purchased his equipment from NNA, their logo will be on the border of the notary stamp. Reviewed docs; no such logo noted. NNA will not have info.

Several call received from Allee attempting to "define" exactly what RO is requesting. Documents irrelevant at this point, the only question is when and where he received his notary stamp.

P/c to Allee per his request; advised him that RO is requesting the name of the company that provides his current notary stamp and when it was received. Allee stated he is on the road, but he will fax the info. to RO on 10/1.

ACTION DATE: 10/01/2014 SYSTEM DATE: 10/01/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. addtl info. from Notary AJ Allee; reviewed. Allee ordered his notary stamp with 5/17 expiration date on 12/20/2012 and recd it about one week later per his own statement. This confirms that documents purportedly signed in June 2012 using this stamp are back-dated.

ACTION DATE: 10/01/2014 SYSTEM DATE: 10/01/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

P/c to IRS Counsel Atty Laurie inre

ACTION DATE: 10/06/2014 SYSTEM DATE: 10/06/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd remit from Digitech to resolve the open levy.

ACTION DATE: 10/06/2014 CREATE ID: 25033437

Systemic History: MODULE(S) UPDATED - ICS

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

REMITTANCE SECURED: 30/200712 TC 670 10/6/2014 -\$125,000.00 DPC: 05  
REMARKS: Digitech

ACTION DATE: 10/07/2014 SYSTEM DATE: 10/07/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

While in field, recd. fax from POA Etheridge; reviewed. POA has withdrawn/revoked her POA for TP.

ACTION DATE: 10/08/2014 SYSTEM DATE: 10/08/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Returned to POD; faxed revocation of F2848 recd from Regina Etheredge to CAF Unit. RO notes a new POD faxed on 10/7 from CA firm. Faxed to CAF and input to ICS. F2848 recd. regarding TPH and TPW.

ACTION DATE: 10/08/2014 CREATE ID: 25033437

Systemic History: ENTITY UPDATED - ICS

POA-CAF ADDRESS (P) for Primary deleted:  
Addr: REGINA R ETHERIDGE  
4525 POINT O WOODS DR  
WESLEY CHAPEL FL 33543-6936251  
CAF Form Number: 2848

ACTION DATE: 10/08/2014 CREATE ID: 25033437

Systemic History: ENTITY UPDATED - ICS

POA-CAF ADDRESS (P) for Secondary deleted:  
Addr: REGINA R ETHERIDGE  
4525 POINT O WOODS DR  
WESLEY CHAPEL FL 33543-6936251  
CAF Form Number: 2848

ACTION DATE: 10/08/2014 CREATE ID: 25033437

Systemic History: ENTITY UPDATED - ICS

POA-CAF ADDRESS (P) added (Domestic format) for Primary:  
Addr: AMIR BOROUMAND  
6345 BALBOA BLVD STE 285  
ENCINO CA 91316  
CAF Form Number: 2848  
Tax Period 30/200712 added Notice = Y Refund = N Blind Trust = N

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 10/08/2014 SYSTEM DATE: 10/08/2014 CONTACT: PHONE CREATE ID: 25033437

ATTEMPTED CONTACT - POA  
TP/POA CONTACT

TP/POA CONTACT  
ATTEMPTED CONTACT - POA

RESULTS: P/c to new POA, Atty Boroumond per his request. LMFCB on vms.

P/c from POA Boroumond who stated he has documents for RO; RO advised him to forward the package to SA IRS Atth: ATAT RO Rodriquez so that RO will have the records when TPs appear. POA stated he hopes TPs don't have to appear; RO advised POA that TPs' testimony was summoned and RO is not waiving their appearance. POA asked what questions will be asked; advised POA that RO is not going to provide a list ahead of time. POA stated that as their counsel, he is entitled to the questions. RO responded that POA is entitled to be present, personally or by phone to represent TPs and RO will facilitate this by any communications means possible. POA questioned if summons appearance can be postponed; RO responded no that the summonses were served and IRS is not responsible for TPs hiring new, out of state counsel two days before appearance. Explained summons referral process in TX. RO stated that he may speak privately with his clients at time during the interview and ROs will ensure that the pace is slow enough for POA to advise clients after each question is asked. POA to send documents and discuss the appearance with both TPs.

ACTION DATE: 10/09/2014 SYSTEM DATE: 10/09/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

FC to SA IRS; reviewed case actions to date in preparation for TPs' summons appearances. The package of documents responsive to RO's summonses mentioned by POA Boroumond that he was going to send to case RO c/o ATAT RO in SA did not arrive as promised in SA IRS.

RO able to schedule appt with Notary AJ Allee for 2:30P this PM.

ACTION DATE: 10/09/2014 SYSTEM DATE: 10/09/2014 CONTACT: FIELD CREATE ID: 25033437

OTHER 3RD PARTY CONT.

OTHER 3RD PARTY CONT. ENTITY TYPE: BUSINESS  
NAME LINE 1: AJ Allee  
NAME LINE 2: Alamo Premier Mortgage

3RD PARTY CONTACT RECORD(S) GENERATED

INCLUDED MODULES: 30/200712 (B) Sec SSN: -6701

RESULTS: FC to Alamo Premier Mortgage at 2395 Bulverde Rd., Bulverde, TX . Met Allee per agreement. Reviewed docs; Allee claims there is no issue. He admits to notarizing the D/T in 2014, but claims it was due to a mistake he made. RO repeatedly questioned Allee about the documents.

TP stated TPs approached him about a loan, but he couldn't do a loan for TPs because they

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY

TIN: -4333

have had no income. RO questioned how Allee would know this. Allee admitted that he is close friends with TPH as far back as early 90s and is aware of TP's various businesses. Allee stated sold Ferraris and TP was a customer when he owned his first business. Allee stated he is required to loan on a customer's ability to pay. RO questioned Allee's involvement after he was unable to loan funds to TPs. Allee stated what appears to have happened is that he prepared the RE Lien note in March 2012, but the loan process was actually closed in the office of SA Atty Jack Fuini who is a title atty. The computations and RE note were prepared by Allee and sent to Fuini. Allee asserts that the original D/T was prepared by Fuina and sent to Allee for TPs to sign in 2012 and Allee forgot to notarize the D/T because he doesn't normally prepare this form. RO confirmed that Allee is a mortgage professional in the industry for 12 years. RO questioned if Allee has forgotten to notarize any other documents as part of a RE closing. Allee could recall none. He went to claim that he was told by the Gandys that the original D/T was locked away by either Prem Gandy or Mona Gandy and not filed as it should have been in 2012 and that after the NFTL was filed, Allee states he was contacted by Mona Gandy in 2014 questioning where the notary page was on the original D/T. Allee stated he erred, but corrected his error by placing a notary page on the D/T right before it was filed in 1/2014. He again admitted that his new notary stamp was used because the prior stamp was destroyed. He also stated that he placed the notary stamp on the document because he claims to have witnessed TPs signing the original D/T in 2012. TP admitted that he didn't receive his current stamp until Dec. 2012.

RO ran through Allee's statement again and questioned why he would prepare a note for a title company who was closing title on the D/T. Allee had no answer. RO questioned why would the title atty. would take three months to prepare a D/T and forward it for signatures. Allee claims he and TPs are friends and were in his office to sign the docs. RO questioned if a three-month delay is normal for the issuance of a D/T to secure a note. Allee admitted it was not. RO questioned if Allee why the title company didn't pick up on the fact that the D/T was not notarized. Allee did not know. RO questioned if D/Ts are returned to the holder of the note in normal closings. He stated yes. RO questioned then why the D/T was filed years later and returned to James Gandy plus why didn't the title co. file the D/T as in most cases. Allee did not know and agreed that this closing was "sloppy" and unusual. He attributed the errors to the fact it was not a normal loan and the funds came from TP's mother. Allee stated he has confirmation that the funds were recd. and has retained all records and electronic correspondence. RO questioned why he would verify the funds were recd. when he was not involved in the loan making. Allee had no ready answer, but stated something to the fact that regulatory rules required he verify info. RO questioned if Allee would submit a sworn statement that he witnessed TPs signing the D/T in 6/2012. Allee stated he would.

Allee stated that RO is misrepresenting facts. RO questioned if at least four significant steps were taken in this alleged loan that are not industry standards. (Forgotten notary stamp, D/T sent to Allee for review when he was not involved in the loan, D/T was not returned to the purported lender and a 3-month delay is evident in filing the D/T) Allee admitted yes. RO also questioned the term "The Heera Trust out" on documents provided by TPs to Allee. Allee stated he did not know.

RO questioned if Allee has flown aircraft with TP; Allee stated yes. Allee is also a private pilot. Allee stated TP is trying to start an airplane repair company called

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

"Dugash". RO questioned the name; Allee stated it was a former family friend of TPs. RO questioned TPH's ownership of aircraft; Allee stated TP has sold all aircraft except a small Mooney that is in parts. He thinks this aircraft may be owned by TPH's company.

RO advised to retain all records because summons will be issued. Allee agreed.

Allee showed RO some of the electronic data including the wires of the purported \$1M from an HSBC bank account purportedly under the control of Prem Gandy. The \$1M was not paid in a lump sum, but it five installments. RO requested copies, Allee stated he would provide them with a summons.

RO to fu with Atty Fuini because numerous statements made by Allee are contradictory and outside normal loan processing. Requested 3rd party summons approval to Allee's Co. RO to contact Fuini while in the SA area if TPs don't appear for the summonses.

---

ACTION DATE: 10/10/2014 SYSTEM DATE: 10/10/2014 CONTACT: OTHER CREATE ID: 25033401

GENERAL HISTORY

approve 3rd party summons with AJ Allee at Alamo Premier Mortgage in aid of collection - TAC

---

ACTION DATE: 10/10/2014 SYSTEM DATE: 10/10/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

FC to SA IRS to prepare for summons appt. Recd. several hundred documents via EFax with a cover letter from POA Boroumand. Docs were recd. 7P CDT. POA's letter requests an installment agreement of \$1,500. POA stated that the taxpayers have complied with the summons which "eliminates the purpose for the taxpayer's (sic) appearance and so the Taxpayer (sic) will not be appearing."

TPs refuse to provide testimony and as such, an IA is not appropriate. PNIA will be input once their request is sufficient. RO has no choice but to input PNIA and forward the rejection of TPs' request to IR. Summonses will be forwarded for referral.

GM has approved summons to Alee; FC will be made while RO is in the SA area.

---

ACTION DATE: 10/10/2014 CREATE ID: 25033437

Systemic History: TEMPLATES

TEMPLATE: FORM 4844 FOR TC 971 - INSTALLMENT AGREEMENT ACTIONS

INCLUDED MODS:  
30/200712

---

ACTION DATE: 10/10/2014 SYSTEM DATE: 10/10/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

Prepared detailed summons to Allee; FC to follow.

ACTION DATE: 10/10/2014 CREATE ID: 25033437

Systemic History: TEMPLATES

TEMPLATE: FORM 6863 - INVOICE AND AUTHORIZATION FOR PAYMENT\*

ACTION DATE: 10/10/2014 SYSTEM DATE: 10/10/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

FC to office of AJ Allee, Alamo Premier Mortgage, with ATAT RO Rodriguez. Served 3rd party summons on Allee who questioned if he had to appear. RO advised that the summons calls for appearance on 10/30 at SA IRS at 1P. Allee acknowledged.

Second FC made to office of John Fuigi, Attorney and the home of First American Title. Receptionist indicated Fuigi was out of town until Tuesday. Left card for CB on 10/14. FUigi has been identified by Allee as the co. and title atty that closed the loan.

ACTION DATE: 10/14/2014 SYSTEM DATE: 10/14/2014 CONTACT: PHONE CREATE ID: 25033437

OTHER 3RD PARTY CONT.

OTHER 3RD PARTY CONT.

Not an IRC 7602(c) 3rd Party Contact  
RESULTS: P/c to Atty John Fuini at 210-732-2200 x225. VMS box full; RO will try again.

ACTION DATE: 10/17/2014 SYSTEM DATE: 10/17/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Prepared request Austin counsel for last chance letters to both TPs. Forwarded information to Austin Area Counsel per procedures located in the TX Summons handbook requesting TPs be required to appear at SA IRS on 11/13 at 1:00 and 1:30P.

ACTION DATE: 10/17/2014 CREATE ID: 25033437

Systemic History: TEMPLATES

TEMPLATE: FORM 12233\* - INDEPENDENT REVIEW PRIOR TO REJECTION

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 10/17/2014 SYSTEM DATE: 10/17/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Form 12233 prepared recommending rejection of the IA request made by POA Boroudand for the reason cited below:

"The taxpayers failed to appear and provide summoned testimony regarding their financial records and use of offshore accounts held in third party names. Their refusal to appear has caused the referral process to be initiated with IRS Area Counsel in Austin, TX. Their failure to provide summoned testimony makes them "won't pay" taxpayers for whom alternatives to enforced collection actions such as an Installment Agreement, OIC etc. are inappropriate."

F12233 forwarded to GM for approval and transmittal to the IRR.

ACTION DATE: 10/17/2014 SYSTEM DATE: 10/17/2014 CONTACT: PHONE CREATE ID: 25033437

OTHER 3RD PARTY CONT.

OTHER 3RD PARTY CONT. ENTITY TYPE: BUSINESS  
NAME LINE 1: John Fuini, Attorney  
NAME LINE 2: cell 210 -0609

3RD PARTY CONTACT RECORD(S) GENERATED

INCLUDED MODULES: 30/200712 (B) Sec SSN: 6701

RESULTS: P/c to Atty Fuini; questioned his involvement with TP's D/T closing. Atty stated he represents Prem Gandy and was the one who provided notice to IRS inre the recent NJF of her lien. Fuini stated Prem and Mona Gandy met in his office in 2014 when the D/T issue came to light.

RO questioned if Fuini had any dealings with the issue in 2012; Fuini stated he did not meet TP prior to 2014. Atty stated he referred TPs to an EA in FL because she has a reputation inre liens and suggested RO contact Regina Etheridge who is resolving the Gandys' issues with IRS. Fuini also stated he recently sent an email to Etheridge for a status because Prem Gandy is upset about the situation. Advised Fuini that RO will not be contacting Etheridge; however, refrained from providing explanation why. Directed Fuini to TPs.

RO re-confirmed that Fuini had no dealings with this issue in 2012. (Note-this completely refutes comments made by the notary AJ Allee). Fuini stated he did not prepare the loan documents or the D/T, but the D/T appears to be one of his design because he uses a certain font. RO questioned how this could be possible; Fuini stated that he has done deals with AJ Allee through out the years and Fuini may have sent a blank in the past,if asked; however, he does not remember doing so in this case.

RO questioned notary requirements on loan docs, D/T etc. Fuini is a licensed RE Atty and



REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

stated that notes don't usually require notaries, but D/T would be notarized. Fuini is already in possession of the subject docs and reviewed them with RO. Fuini stated it was not normal to have the promissory note and D/T executed on separate dates, but it appears this transaction was done by non-professionals. RO questioned notary stamps; Fuinia acknowledged the different dates. RO questioned TX law inre notary stamps and hypothetically, if it was ok for a notary to stamp a document this year because it witnessed individuals signing the same alleged document two years prior. Fuini stated that he directs his staff to notarize the documents on the same day the documents are signed and only in a few situations (the next day) would it happen otherwise. A year or two later would be "pushing it" and very problematic. Fuini also pointed out that the note is usually returned to the lender, but it was scratched out and returned to TPH which is also a normal RE process.

RO questioned Fuini's opinon about the lien situation. Fuini acknowledged "first in time, first in right" and that NFTL is senior to his client's D/T. Fuini stated he has advised TPH to resolve with IRS to make the issue moot. Advised Fuini that RO agrees that the lien is senior and will impact Fuini's client's claims. Fuini stated he has seen bank documents verifying the funds came to TPH from his mother and Prem Gandy and Mona Gandy were in his office in 2014 acknowledging the same thing. Fuini claims both are upset with TPH. RO questioned why his client, as the lienholder, would have executed a D/T so long after the note and not ensure that it was filed immediately. Fuini stated TPH is blaming his sister for not filing it timely. RO stated it was difficult to understand why Mona Gandy, a licensed real estate professional, would fail to timely file the D/T. Fuini acknowledged that this transaction was "bizarre" and clearly not done professionally.

Fuini claims to have seen the funds and is of the opinion that the loan is valid; evidence is building to the contrary; however, the issue may be moot inre NFTL priming the D/T. This information will be helpful to DOJ if a suit is needed and Prem Gandy makes a claim for some kind of equitable interest. Alle is already under summons.

---

ACTION DATE: 10/18/2014 CREATE ID: 00000000

Systemic History: ENTITY UPDATE - IDRS

IDRS POA RECORD HAS ADDED TO ICS: REP ID: 03081933794 NAME: AMIR BOROUMAND FORM  
NUM: 2848

---

ACTION DATE: 10/18/2014 CREATE ID: 00000000

Systemic History: ENTITY UPDATE - IDRS

IDRS POA RECORD HAS ADDED TO ICS: REP ID: 03101807194 NAME: TAX DEFENSE PARTNERS LLC FORM  
NUM: 8821

---

ACTION DATE: 10/18/2014 CREATE ID: 00000000

Systemic History: ENTITY UPDATE - IDRS

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

IDRS POA RECORD HAS ADDED TO ICS: REP ID: 03081933794 NAME: AMIR BOROUMAND FORM  
NUM: 2848

ACTION DATE: 10/18/2014 CREATE ID: 00000000

Systemic History: ENTITY UPDATE - IDRS

IDRS POA RECORD HAS ADDED TO ICS: REP ID: 03101807194 NAME: TAX DEFENSE PARTNERS LLC FORM  
NUM: 8821

ACTION DATE: 10/29/2014 SYSTEM DATE: 10/29/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. last chance letters from Austin counsel giving both TPs the opportunity to appear at SA IRS on 11/13/2014; reviewed. LCL do not reference testimony and the summary paragraphs of each list an incorrect RO name. It appears a macro was used and not edited properly.

P/c to Austin Counsel Atty Laurie; LMFCB upon her return from USTC on 11/3. Letters do indicated that TPs are supposed to appear at SA IRS.

ACTION DATE: 10/30/2014 SYSTEM DATE: 10/30/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

FC to SA IRS; prepared for summons appt with AJ Allee.

ACTION DATE: 10/30/2014 SYSTEM DATE: 10/30/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

Allee appeared; RO and ATAT RO Rodriguez met with Allee who stated the documents were everything he had pertaining to the Gandy RE transaction. Allee attempted to drop off the documents and depart, but RO reminded him that testimony was also summoned. Allee initially stated it was not, but after RO read the summons to Allee, he remained. RO placed Allee under oath.

Reviewed documents provided in response to the summons with Allee. Email traffic indicates that Atty Fuini did have some involvement despite Fuini's prior comments, but the loan was not closed by Fuini's title co. RO continued questioning about the transaction. Allee again stated that he erred in notarizing the document in 2014, but the records prove that the transaction was done in 2012 as he claimed before. RO advised Allee that the entire transaction appeared to have had several actions inconsistent with normal RE closings and that entire process has been described as bizarre by a RE professional and then questioned Allee's opinion. Allee admitted that mistakes were made, but he couldn't speak for TP or his family as to why the D/T was not filed for two years.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY

TIN: -4333

Numerous emails involving Mona Gandy and the loan. ROs questioned her involvement. Allee stated he only met Mona Gandy once and didn't understand why she didn't file the D/T as they claim. RO questioned if Allee knew that Mona Gandy was a licensed RE professional. Allee did not answer. Allee stated he understood why ROs were asking questions and that had the RE transaction been completed without the errors, the summons would not have been needed. RO questioned Allee if the documents were back dated; Allee stated it was not.

RO advised Allee that the notary log was also summoned and it should document the notarizations. Allee stated he did not have his notary book. ROs questioned this statement. Allee stated his office was moving and he couldn't locate his book. RO questioned how many loans have closed this week. Allee stated two. ROs then questioned where was the notary book when these transactions were completed. Allee then stated his staff uses the book, but when RO asked why didn't Allee get the book from his staff for today's meeting, Allee became angry. Allee repeated that he did not have the book and then stated the transactions in question were not in the book because he doesn't use the book for all notarizations. ROs questioned if this practice was consistent with the rules issued by the TX SOS in re notaries. Allee became angrier and stated RO can go to the SOS and turn him in if IRS felt it necessary. RO advised Allee that his failure to provide the notary log will be cause for referring the matter to DOJ for a enforcement of the summons. Again, RO asked Allee the whereabouts of the log and why the notarizations involving the Gandys' transactions were not documented as he is required to do by law. Allee answered that he didn't have the book and got up to depart. RO advised Allee that if the summons was enforced, Allee would have to make these same assertions in court. Allee departed prior to completion of the interview stating he would consult his attorney before addtl answers are given.

ROs consulted SA RO who is also a notary public and reviewed directives from TX SOS. Allee's affirmation that he does not use the notary log for all notarizations is in direct violation of TX law. IRS counsel Atty Laurie is in USTC this week; RO to fu with her next week about summons referral and TX law.

---

ACTION DATE: 10/31/2014 SYSTEM DATE: 10/31/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

While in SA IRS; reviewed documents provided by Allee. Much of the documents are duplicative. Reviewed email traffic. Mona Gandy is advising Allee what is needed and Allee responds back to Mona. Mona keeps referencing what her CPA needs and Allee, correctly points out that the loan is between Mother and son and then questions why Mona is referencing the CPA.

Mona and Allee reference the deed of trust so the notion that Allee forgot to notarize it and Mona forgot to file it seems suspicious at best. RO to fu with counsel in re the notary book.

---

ACTION DATE: 11/04/2014 SYSTEM DATE: 11/04/2014 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

P/c from Counsel Atty Laurie who stated

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

---

ACTION DATE: 11/04/2014 SYSTEM DATE: 11/04/2014 CONTACT: FIELD CREATE ID: 25033437  
ATTEMPTED CONTACT

ATTEMPTED CONTACT - POA  
RESULTS: P/c to POA Boroumond to reschedule the LSM in SA. LMFCB on vms.

---

ACTION DATE: 11/05/2014 SYSTEM DATE: 11/05/2014 CONTACT: OTHER CREATE ID: 25033437  
GENERAL HISTORY

Reviewed ICS for IR determination; none found. Request confirmation from GM that the recommendation to reject the TPs' request for an IA.

---

ACTION DATE: 11/05/2014 SYSTEM DATE: 11/05/2014 CONTACT: OTHER CREATE ID: 25033437  
GENERAL HISTORY

P/c to IRS Counsel Atty Brooke Laurie; discussed

Discussed

Updated LCL request sent to counsel inre TPs moving the response to 1P (TPH), 1:30(TPW) on 12/4/2014 at SA IRS. Counsel has indicated  
LCL request sent to counsel for AJ Allee to appear with the notary book at SA IRS on 12/5 at 9:30A.

---

ACTION DATE: 11/06/2014 SYSTEM DATE: 11/06/2014 CONTACT: OTHER CREATE ID: 25033401  
GENERAL HISTORY

concur with RO to decline IA request. Forwarded to IR. TAc

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 11/06/2014 SYSTEM DATE: 11/06/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. corrected LCLs from Austin Counsel; reviewed. Both now have testimony-related language and the correct info.

ACTION DATE: 11/06/2014 CREATE ID: 99976911

Systemic History: NEW MODULE - ICS

INCOMING NF 00000005 - 412 IAR I/A REVIEW 99976911

ACTION DATE: 11/06/2014 SYSTEM DATE: 11/06/2014 CONTACT: OTHER CREATE ID: 99976911

REVIEWED

IAR REVIEW OF FORM 12233

Case Receipt

Date Case Received:11/06/14 Date NFOI Created:11/06/14

Case Review And Closure  
Research Conducted

IDRS: No  
Prior ICS Case History: Yes  
IRM: No  
IRC: No

Results of research (if conducted): Case history supports rejection determination.

Ability To Pay Analysis

Amount owed: \$2,837,633

Taxpayer Proposed Payment Amount: \$1,500/mo

IRS Determination: TP failed to appear for Summons to substantiate CIS. Now classified as "won't pay" taxpayers.

Revenue Officer's Analysis and Determination of Ability To Pay is Accurate: Yes  
If NO or N/A, Explain in Comments Section

Overall, Rejection of the IA Proposal is Appropriate: Yes

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

Rejection Sustained: Yes

Supplement To Form 12233 Issued: No  
If YES, Explain in Comments Section

Date NFOI Closed:11/06/14

Comments:

Please notify the taxpayer(s) of your rejection decision at this time.  
Use of the Letter 4052 template is recommended.  
Reversal of TC-971 AC 043 is the responsibility of the Revenue Officer.

---

ACTION DATE: 11/06/2014 CREATE ID: 99976911

Systemic History: INVENTORY ITEM CLOSED - ICS

NF - ACTION ACCEPTED 00000005

---

ACTION DATE: 11/07/2014 CREATE ID: 25033437

Systemic History: TEMPLATES

TEMPLATE: LETTER 4052 - REJECTION OF PROPOSED IA

GENERATED TO:  
JAMES & CORINNE GANDY  
108 LARRY LEE DR  
KERRVILLE, TX 78028-6541081

INCLUDED MODS:  
30/200712

---

ACTION DATE: 11/07/2014 SYSTEM DATE: 11/07/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

POA Bouromand has indicated that the taxpayers are going to appear 12/4/2014 for the last chance appts. RO has advised POA that TPH and TPW must appear and they will be interviewed separately as they were summoned. POA advised RO that they intend to make an audio recording. Advised POA of requirements necessary to make a recording; POA acknowledged that the request must be in writing no less than ten days before the meeting.

IR has sustained RO's determination to reject the request for a \$1,500 IA. TP's residence has over \$1M in equity that is attached by the NFTL. RO is investigating the D/T filed by TPH's mother because of numerous irregularities; however, equity-wise, the issue is moot

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: 4333

because the alleged D/T was filed after the NFTL making it an inferior lien, if valid. L4052 drafted and the equity in the residence was listed as one of the reasons because TPs are still in control of the RP and use it as their residence. TPs' failure to appear and provide testimony after having been summoned to do so was also listed as a reason for rejecting the IA.

Letter mailed to TPs via certified mail; cc to POA. CAP DL is 12/8.

---

ACTION DATE: 11/24/2014 SYSTEM DATE: 11/24/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. counsel opinion regarding

P/c to Laurie; LMFCB.

---

ACTION DATE: 12/01/2014 SYSTEM DATE: 12/01/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Returned from AL; P/c to Atty Brook Laurie. Discussed

---

ACTION DATE: 12/01/2014 SYSTEM DATE: 12/01/2014 CONTACT: PHONE CREATE ID: 25033437

GENERAL HISTORY

P/c to Atty Patrick Strauss. Discussed issues as briefed by counsel. Atty stated that he only submitted the billings for what was not paid; addtl bills exist. Strauss stated \$35k was paid in total. Discussed why bill was allowed to rise so high when the contract indicates the client must pay as they are billed. Strauss stated a portion of the unpaid funds was the contingency amount and he allowed TPs to "get into him more than he should have". Advised Atty that the ultimate question of whether he is due funds is pretty much settled, but addtl docs are needed as requested by counsel.

Strauss requested a copy of the opinion; RO responded that a portion of the info. is privileged and IRS counsel would have to determine what was disclosed. Strauss indicated he would like to speak with counsel to determine exactly what he can provide to resolve the matter. RO provided IRS counsel Atty's name and Ph# per her prior statements.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 12/02/2014 SYSTEM DATE: 12/02/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

P/c from IRS Counsel Atty Laurie who stated

Prepared redacted memo for transmittal to Strauss on 12/3.

Completed review of bank records inre Prem Gandy. Prem Gandy is 80 years old and lists her occupation as "homemaker" in documents submitted to WF. The notion of her running the various entities as claimed by Hary and James Gandy is becoming very difficult to understand.

ACTION DATE: 12/03/2014 SYSTEM DATE: 12/03/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Faxed the excerpt from Austin counsel's opinion to Atty Strauss per brief note attached requesting contact for discussion.

ACTION DATE: 12/03/2014 SYSTEM DATE: 12/03/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

P/c from Atty Patrick Strauss. Discussed info. Atty indicated he agrees with counsel's computation of the hourly expenses, but stated the contingency factor must be added. Atty also indicated that counsel suggests as much as \$10k write up due to complexity which would pay him more than what he claimed. Advised Atty that RO is not well-versed on the "loadstar" computation process, but his claim is \$57k which is unpaid. As such, addtl fees above the amount due would not be recommended. Advised Atty Strauss that RO will fu with IRS counsel because RO can not make agreements on behalf of IRS.

P/c to IRS Attorney Brooke Laurie; discussed. She indicated

ACTION DATE: 12/03/2014 SYSTEM DATE: 12/03/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY



REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

**Name: JAMES & CORINNE GANDY** **TIN: 4333**

Prepared for last chance mtg scheduled with James & Corinne Gandy on 12/5 in SA IRS. Prepared initial list of questions that include the ODVI and WB info.

The RP on Hwy 90 was included because summoned records indicate that funds were paid from the legitimate purchaser of the Hwy 90 property inre a 2nd lien allegedly held in the name of Ram Global to a WF acct held in the name of Prem Gandy. Payments were made to TPH in the name of Gandy Digital after TPH claims he left the business and turned his ownership over to his brother, Hary Gandy. Addtl summons approval will be forthcoming.

Addt. info. recd. from CI indicates Hary Gandy was very much part of the sale of the building and appears to have been the sole decision-maker despite the claims that Prem Gandy, 80-yo housewife, is the person in charge.

---

ACTION DATE: 12/03/2014 SYSTEM DATE: 12/03/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Email recd. from IRS Counsel Atty Brooke Laurie stating

RO replied and requested that

---

ACTION DATE: 12/04/2014 SYSTEM DATE: 12/04/2014 CONTACT: CORR. CREATE ID: 25033437

GENERAL HISTORY

FC to SA IRS; prepped or interviews and completed timelines, outlines etc to assist with interview.

15 minutes prior to the scheduled last chance meetings, RO recd. fax from CA POA that indicates TPs filed Ch. 7 BK in SA this morning, case # 14-53018-cag.

Forwarded info. to Austin Insolvency; RO desirous of attending 341 meeting. P/c to GM; briefed him on case actions to date.

---

ACTION DATE: 12/04/2014 SYSTEM DATE: 12/04/2014 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. addtl info. from Austin Insolvency. 341 meeting scheduled for 1/8 in SA. Insolvency has also addressed addtl time needed to question the taxpayers:

"I pulled the case from the Court system and added it to our system. They filed the case as a chapter 7NA no schedules are filed. The 341 hearing has been set for 01/08/2015. This case will be assigned to Sandy Havlen since she works the San Antonio chapter 7 high dollar cases. In regards to questioning the debtor's under oath that can be done at the 341 hearing. If you need more time then we can always request a 2004 examination of the taxpayers.

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

ACTION DATE: 02/14/2015 CREATE ID: 00000000

Systemic History: INVENTORY ITEM UPDATED - ICS

OI INVENTORY ITEM CHANGED FROM 25976809 TO 99999999

ACTION DATE: 02/19/2015 SYSTEM DATE: 02/19/2015 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

FC to SA; reviewed admin files and prepared for interview of TPs at SA USA's office with AUSA Gary Wright on 2/20.

ACTION DATE: 02/20/2015 SYSTEM DATE: 02/20/2015 CONTACT: FIELD CREATE ID: 25033437

TP/POA CONTACT

TP/POA CONTACT

FC to US Attys Office; met AUSA Gary Wright. Prepped.

TPs appeared with atty; court reported present as well. RO met with AUSA and opposing counsel to discuss the interview. Interviewed both TPs under oath. Significant admissions made by TPs including income and assets not reported on the BK schedules. Interview reduced to contact report to better expound on their responses. AUSA recommended RO attend the 341 meeting reset to 2/26.

ACTION DATE: 02/24/2015 CREATE ID: 25033437

Systemic History: INVENTORY ITEM UPDATED - ICS

00000006 Updates: OI  
DUE DATE CHANGED FROM: 3/2/2015 TO 3/31/2015

ACTION DATE: 02/24/2015 SYSTEM DATE: 02/24/2015 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Recd. documentation from AUSA Wright.

P/c to IRS Insolvency Advisor Sandra Havlen. Discussed BK issues, items omitted from the schedules, possible claim on the house etc. RO was advised to attend the 341 meeting to ensure the trustee understands that income sources and a note receivable in excess of

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY

TIN: -4333

\$100k has been omitted from the schedules. Havlen stated the trustee could dismiss the case, reset etc. As far as a DOJ Tax referral, Havlen suggested that IRS will address the issue after the 341 mtg on 2/26 and the other creditors examination on 2/27. AUSA Wright is attending the 341, but not the examination as it will be transcribed.

FU info. sent to AUSA Wright advising him of RO's attendance.

---

ACTION DATE: 02/26/2015 SYSTEM DATE: 02/26/2015 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

FC to SA US Courthouse; met AUSA Gary Wright. TPs have filed amended schedules that address the SE income and N/R with TPW's mother. AUSU stated

RO attended 341 mtg and documented TPs' answers to questions posed by the trustee and other creditors.

---

ACTION DATE: 03/04/2015 SYSTEM DATE: 03/04/2015 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

P/c from AUSA Gary Wright.

---

ACTION DATE: 03/06/2015 SYSTEM DATE: 03/06/2015 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

---

ACTION DATE: 03/16/2015 SYSTEM DATE: 03/16/2015 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

---

ACTION DATE: 03/16/2015 SYSTEM DATE: 03/16/2015 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

REQUESTOR: 2597-6809  
ICS HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JAMES & CORINNE GANDY TIN: -4333

While in field, recd. info. from DOJ Tax.

---

ACTION DATE: 08/03/2015 SYSTEM DATE: 08/03/2015 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

Secured and copied case records for DOJ Tax to

---

ACTION DATE: 08/06/2015 SYSTEM DATE: 08/06/2015 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

On 8/5, RO recd. info. from a third party that indicates an aircraft once owned by TPs is being sold on the internet and the contact point is AJ Allee. Allee is known to the investigation as the notary who appeared to back-date the alleged D/T in the name of Prem Gandy the purported to encumber the real property in Kerrville, TX. This issue is moot and the property is being sold free of the bogus lien, but Allee is known to be a friend and associate of TPs. It's not impossible that he's acting as a nominee. Tail number for the Beech Bonanza is N717MM.

Accessed FAA and other sites. The plane is currently registered to a CA trust, but transfer info. indicates that TPH transferred the plane to AJ Allee on 8/16/2013 and Allee transferred the title to the trust on 8/15/2014. However, AJ Allee is the contact point for the current advertisement for sale. The plane would have had a NFTL attached

---

ACTION DATE: 08/28/2015 SYSTEM DATE: 08/28/2015 CONTACT: FIELD CREATE ID: 25033437

GENERAL HISTORY

P/c from DOJ Tax Atty Ramona Notinger.

---

ACTION DATE: 09/01/2015 SYSTEM DATE: 09/01/2015 CONTACT: OTHER CREATE ID: 25033437

GENERAL HISTORY

**Government  
Exhibit**

B







