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August 4, 2009

VIA FACSIMILE – (202-874-2568)

Mr. Robert Hunt, Area Director
Internal Revenue Service
500 N. Capitol St., NW
Washington, DC 20221

Re: ADMINISTRATIVE CLAIM FOR UNAUTHORIZED COLLECTION ACTIONS

To: Area Director of Internal Revenue

This is an administrative claim for civil damages for unauthorized collection actions pursuant to I.R.C. § 7433 and Treas. Reg. § 301.7433-1.

1. The taxpayer is a corporation located in Columbia, Maryland.
2. The taxpayer's attorney can be contacted at 410-752-2468 between the hours of 8:00 AM and 6:00 PM.
3. The taxpayer is a daycare center for, primarily, children from economically distressed single-parent families. It serves parents transitioning from government assistance to the workforce. There are currently 57 children enrolled at the center. Tuition for 38 of those children is totally or partially paid for by "Purchase of Care", a government program that provides assistance to families that cannot independently afford daycare. The 38 children all reside in single parent households. The company, moreover, currently has 8 full-time employees and 1 part-time employee. 6 of the 8 full-time employees are single mothers.
4. The taxpayer has struggled to meet its operating expenses and the current recession has presented significant but not insurmountable challenges. Its "private" client base has been drastically reduced as working parents have lost their jobs. Admittedly, the taxpayer has been overwhelmed and has failed to make some, but certainly not all, of the required Federal

Tax Deposits. The taxpayer has, however, always provided a safe and nurturing environment for the young children it serves.

5. Despite the taxpayer cooperating fully with and providing all requested financial information to the Internal Revenue Service (“IRS”), the taxpayer has been levied multiple times since April 2009. The IRS has repeatedly, and now unlawfully, taken State funds designated for parents transitioning from public assistance to the workforce. The total amount of these levies exceeds \$50,000.

6. The IRS’s most recent levies were clearly unlawful and have threatened the continued operation of the daycare center. Pursuant to I.R.C. § 6331(k), a levy may not be made while an Offer in Compromise (“Offer” or “OIC”) is pending. The taxpayer has submitted a formal Offer -- a proposal to settle the tax debt --, which is attached hereto as Exhibit A. The currently assigned Revenue Officer was provided a copy of the Offer on July 14, 2009. The IRS confirmed receipt of the OIC on July 17, 2009, and placed the case in Offer status on July 20, 2009. Notwithstanding the statutory prohibition on further enforcement action, the Revenue Officer continued to issue levies against the taxpayer’s primary source of income from the State of Maryland. The levy issued to the State on July 23, 2009, is attached hereto as Exhibit B. While there are very limited circumstances that would allow the IRS to proceed with enforcement action even though an OIC has been submitted, none of those exceptions are present in this case. Collection of the tax liability is certainly not in jeopardy.

7. Prior to the filing of the instant claim, the taxpayer’s attorneys made multiple unsuccessful attempts to contact the responsible Revenue Officer by calling her office and government issued cell phone numbers over a three-week period. To date, the Revenue Officer has refused to acknowledge or respond to these calls.

8. As a consequence of the illegal actions of the IRS, the taxpayer has experienced severe and unnecessary hardships. The taxpayer is now unable to pay its ordinary and necessary operating expenses and may be forced to immediately cease operations. As a result, 57 children will abruptly be left without daycare, and the parents of those children will be unable to work due to the IRS’s unlawful levies. Additionally, the taxpayer has incurred significant legal fees in defending itself from the government’s illegal tax collection actions.

9. Prior to the assignment of this case to the current Revenue Officer, the taxpayer’s principal was subjected to inappropriate comments of a sexual nature, which culminated in the filing of a complaint with the Treasury Inspector General for Tax Administration (“TIGTA”). For example, the prior Revenue Officer informed the taxpayer’s owner that it was time to “pay up or put out”. Immediately upon learning of the TIGTA investigation, the former Revenue Officer initiated collection against the taxpayer. The prior Revenue Officer was in the same collection group as the currently assigned Revenue Officer and it appears that the manager of that group has presided over and condoned a pattern of retaliatory and illegal collection action.

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10. The taxpayer requests damages in the amount of the lesser of \$1,000,000, (one million dollars) or the sum of:

- a. The actual, direct economic damages sustained as a proximate result of the reckless, intentional, or negligent actions of the officer or employee; and
- b. Costs of this action.

WHEREFORE, the taxpayer requests that it be awarded the above damages and requests that no additional levies be issued by the Internal Revenue Service.

Respectfully submitted,

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Dated: August 4, 2009