

# CIV-RYSKAM

## PLAINTIFFS

S. M. REDDY, M.D. and KRIS M. REDDY, M.D., P.A.

## DEFENDANTS

UNITED STATES OF AMERICA and  
INTERNAL REVENUE SERVICE **MAGISTRATE JUDGE VITUNAC**

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF Palm Beach  
(EXCEPT IN U.S. PLAINTIFF CASES)

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT \_\_\_\_\_  
(IN U.S. PLAINTIFF CASES ONLY)  
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED **NIGHT BOY**

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)  
Anthony J. Natale, P.A. 561/832-9055  
502 Palm Street #4  
West Palm Beach, FL 33401

ATTORNEYS (IF KNOWN) \_\_\_\_\_  
**JAN 25 1999**

CIRCLE COUNTY WHERE ACTION AROSE: DADE, MONROE, BROWARD, PALM BEACH, MARTIN, ST. LUCIE, INDIAN RIVER, OKEECHOBEE HIGHLANDS

**IV. BASIS OF JURISDICTION** (PLACE AN "X" IN ONE BOX ONLY)

1 U.S. Government Plaintiff  3 Federal Question (U.S. Government Not a Party)

2 U.S. Government Defendant  4 Diversity (Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES** (PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)

Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

**V. ORIGIN** (PLACE AN "X" IN ONE BOX ONLY)

1 Original Proceeding  2 Removed from State Court  3 Remanded from Appellate Court  4 Reinstated or Reopened  5 Transferred from another district (specify) \_\_\_\_\_  6 Multidistrict Litigation  7 Appeal to Dist Judge from Magistrate Judgment

**VI. NATURE OF SUIT** (PLACE AN "X" IN ONE BOX ONLY)

A CONTRACT	A TORTS	FORFEITURE/PENALTY	A BANKRUPTCY	A OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Bailor Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veterans Benefits <input type="checkbox"/> 160 Stockholders Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<b>PERSONAL INJURY</b> <input type="checkbox"/> 362 Personal Injury Med Malpractice <input type="checkbox"/> 365 Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Annuity <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Backelear Influenced and Corrupt Organizations <input type="checkbox"/> 480 Selective Service <input type="checkbox"/> 490 Securities, Commodities/Exchange <input type="checkbox"/> 495 Customer Challenge 12 USC 3410
<b>A REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 250 All Other Real Property	<b>A CIVIL RIGHTS</b> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights	<b>PRISONER PETITIONS</b> <input type="checkbox"/> 510 Motions to Vacate Sentence <b>HABEAS CORPUS:</b> <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<b>A LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor Mgmt Relations <input type="checkbox"/> 730 Labor/Mgmt Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input checked="" type="checkbox"/> 791 Empl Ret Inc Security Act	<b>A PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark
			<b>B SOCIAL SECURITY</b> <input type="checkbox"/> 861 IIIA (1955fl) <input type="checkbox"/> 862 Black Lung (1923) <input type="checkbox"/> 863 DIWC/DIWW (305ign) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405ign)	<input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Health Care Act <input type="checkbox"/> 950 Constitutionality of State Statutes <input type="checkbox"/> 990 Other Statutory Actions ASDA B
			<b>FEDERAL TAX SUITS</b> <input checked="" type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS - Third Party 26 USC 7609	


**VI. CAUSE OF ACTION** (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY.)

Complaint for Damages Under 26 U.S.C. Section 7431 -- Unauthorized Disclosure of Tax Return Information

LENGTH OF TRIAL via \_\_\_\_\_ days estimated (for both sides to try entire case)

**VII. REQUESTED IN COMPLAINT:** CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23  DEMAND \$ \_\_\_\_\_ CHECK YES only if demanded in complaint: JURY DEMAND:  YES  NO

**VIII. RELATED CASE(S) IF ANY** (See instructions): JUDGE \_\_\_\_\_ DOCKET NUMBER \_\_\_\_\_

DATE 1/25/99 SIGNATURE OF ATTORNEY OF RECORD 

FOR OFFICE USE ONLY  
RECEIPT # 709844 AMOUNT \$ 150.00 APPLYING IEP \_\_\_\_\_ JUDGE Ryskam MAG. JUDGE Vitunac

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

99-8065

KRIS M. REDDY, M.D. and KRIS M.  
REDDY, M.D., P.A.

**CIV-RYSKAMP**

Plaintiffs,

CASE NO.:

v.

**MAGISTRATE JUDGE  
VITUNAC**

UNITED STATES OF AMERICA and  
INTERNAL REVENUE SERVICE,

(PLAINTIFFS DEMAND A TRIAL BY  
JURY OF ALL ISSUES SO TRIABLE)

Defendants.

COMPLAINT FOR DAMAGES UNDER 26 U.S.C. SECTION 7431

KRIS M. REDDY, M.D. and KRIS M. REDDY, M.D., P.A., Plaintiffs herein, complain of Defendants and seek statutory and/or actual, and punitive damages as follows:

**I.**

INTRODUCTION

1. This is an action brought pursuant to Title 26, Section 7431 of the Internal Revenue Code for the recovery of statutory and/or actual and punitive damages caused by the intentional and/or negligent unlawful disclosure of confidential return information by Criminal Investigation Division Special Agent Suzanne Vacco and other unknown agents of the Internal Revenue Service.

2. This Court has jurisdiction for this action under Title 26, Section 7431(a)(1) of the Internal Revenue Code. Venue is proper in this Court under 28 U.S.C. § 1391(e).

**II.**

FACTS

3. KRIS M. REDDY, M.D., is an individual who at all times material hereto resided in Palm Beach County, Florida. KRIS M. REDDY, M.D., is a medical doctor who at all times material

1  
/c

eto was licensed to practice medicine in the State of Florida. KRIS M. REDDY, M.D., P.A. is a professional association formed under the laws of the State of Florida and has its principal place of business in West Palm Beach, Palm Beach County, Florida and is engaged in the business of providing medical services.

4. Dr. Reddy is the subject of an on-going criminal investigation being conducted by Special Agent Suzanne Vacco of the Criminal Investigation Division of the Internal Revenue Service.

5. On or about December 1995, Criminal Investigation Division Special Agent Suzanne Vacco and other agents from the Internal Revenue Service arrived unannounced at Dr. Reddy's place of business seeking financial records from Dr. Reddy and Dr. Reddy's professional association.

6. Shortly thereafter Special Agent Vacco caused several summonses to be issued to compel disclosure of financial documents relating Dr. Reddy and Dr. Reddy's professional association.

7. Dr. Reddy's professional association, pursuant to a summons issued by the Internal Revenue Service, turned over a substantial number of corporate records. Included therein were patient ledger cards and insurance records on patients. The records furnished included data on Dr. Reddy's patients.

8. On or about January 1997, Special Agent Vacco caused a mailing of letters to an unknown number of Plaintiffs' patients. A sample copy of said letter is attached hereto as Exhibit "A". The identity of the patient and other identifying information has been excised.

9. As Special Agent Vacco's letter reflects, the letter discloses that the Internal Revenue Service Criminal Investigation Division is "conducting an investigation" of Dr. Reddy. The words

"Criminal Investigation Division" are prominently displayed above the recipients name and address. Said letter further states that "[f]inancial information is being requested from you regarding payments for services rendered by Dr. Reddy or his office during the years 1989 -1995." The letter continues and provides a list of requested information and documents reflecting the financial transactions, including whether they were "ever asked to submit [their] payment in currency" for services rendered by Dr. Reddy.

10. Included with said letter was a return envelope for the patient to respond to the inquiry. The envelope was self-addressed to "Internal Revenue Service Criminal Investigation Div." A sample copy of said envelope is attached hereto as Exhibit "B".

11. The letter and envelope attached hereto as Exhibits "A" and "B" improperly disclosed to all patients who received it that Plaintiffs were under criminal investigation.

12. The letter and the self-addressed return envelope with the words "Criminal Investigation Division" suggested wrongdoing on the part of Dr. Reddy.

13. Furthermore, the mailing of said letters have caused third-parties to learn that Dr. Reddy is under "criminal investigation." Such disclosures have caused Plaintiffs substantial personal professional embarrassment and loss of revenue.

14. The wrongful disclosure of Dr. Reddy's return information has caused Dr. Reddy substantial mental and emotional distress.

15. The issuance of summonses which reveal on their face that they were issued by the Criminal Investigation Division of the Internal Revenue Service are unlawful disclosures prohibited by Section 6103. As such, Dr. Reddy has suffered substantial professional embarrassment, loss of income, and loss of goodwill.

16. It was not necessary for Agent Vacco to identify that her investigation emanated from the Criminal Investigation Division in order to gain the information she sought. An Internal Revenue Agent does not need to identify herself as a member of the Criminal Investigation Division to secure desired information.

17. Agent Vacco's disclosure was not in good faith or there existed no good faith in disclosure of the information.

18. A reasonable Internal Revenue Agent can be expected to know the statutory provisions governing disclosure, as interpreted and reflected in IRS regulations and manuals. An agent's contrary interpretation is not in good faith.

19. Agent Vacco did not follow the dictates of section 6103 or the applicable IRS manual provisions prior to mailing the circular letters.

20. The Handbook for Special Agents, amended on June 12, 1992, provides that "neither the signature block nor the ancillary heading of the letter should contain the words 'Criminal Investigation Division'. The heading and return address may contain the necessary symbols for the letter to be returned to the special agent."

21. Chapter 347.2 of the IRS "Handbook for Special Agents" requires the Chief of the Criminal Investigation Division to provide prior approval of the circular letters.

22. If the letters were approved by the Chief of the Criminal Investigation Division such approval was not in conformance with the Handbook for Special Agents.

23. On information and belief, the agents involved in this case have all received extensive "disclosure" training which is designed to preserve the integrity of the confidentiality provisions of the federal tax laws which are codifications and extensions of the basic Fourth Amendment right to privacy.

### III.

#### LEGAL AUTHORITY

24. Section 7431 of the Internal Revenue Code provides taxpayers with a cause of action for statutory and/or actual and punitive damages against the United States in the event an officer or employee thereof makes an unlawful disclosure of "return information" in violation of Section 6103 of the Internal Revenue Code.

25. "Return information" is required by Section 6103(a) to remain confidential and not be disclosed except as provided in Section 6103. "Return information" is broadly defined in Section 6103(b)(2) as follows:

a taxpayer's identity, the nature, source, or amount of his income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments, or tax payments, whether the taxpayer's return was, is being, or will be examined or subject to investigation or processing, or any other data, received by, recorded by, prepared by, furnished to, or collected by the Secretary with respect to a return or with respect to the determination of the existence, or possible existence, of liability (or the amount thereof) of any person under this title for any tax, penalty, interest, fine, forfeiture, or other imposition, or offense, . . .

26. The disclosures described in Paragraph 8 through 21 of this Complaint are intentional, negligent, and/or grossly negligent disclosures of "return information" in violation of Section 6103 and for which Plaintiffs are entitled to statutory and/or actual and punitive damages under Section 7431.

Internal Revenue Service  
1764 N. Congress Avenue  
West Palm Beach, FL 33409  
/s/ Suzanne Vaccaro  
Official Business  
Penalty for Private Use, \$300

INTERNAL REVENUE SERVICE  
CRIMINAL INVESTIGATION DIV. - 9214  
1764 NORTH CONGRESS AVE.  
WEST PALM BEACH, FL 33409

/s/ Suzanne Vaccaro

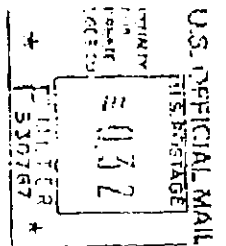


EXHIBIT B

Please read and sign below.

I have answered the foregoing questions and my answers are true, accurate and complete to the best of my knowledge and belief. I answered these questions, freely voluntarily without any threats or rewards, or promises of reward having been made to me in return for it.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

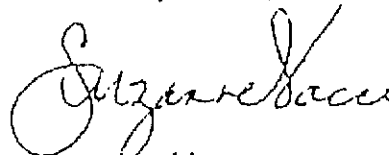
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_



- 8) If yes, how much of the total bill was reimbursed by the insurance company:
- 9) Did the insurance company reimburse you or Dr. Reddy's office:
- 10) Name & address of your insurance company:
- 11) If your procedure was performed at a hospital or medical clinic other than Dr. Reddy's office located at 1501 Forest Hill Blvd., West Palm Beach, FL; please provide name of hospital or clinic:
- 12) What were you told regarding office procedure for payment of service(s):  
(for example: payment due day of surgery or prior to surgery; payment plan such as installments, etc.)
- 13) What type of payments were accepted by Dr. Reddy's office:
- 14) Were you ever asked to submit your payment in currency:
- 15) If your answer is yes to question 14, who advised you that currency was preferred or required and why:
- 16) Do you have knowledge of any other individuals who sought the services of Dr. Reddy's office:
- 17) If your answer is yes to question 16, what is the individual's name and how can they be reached:

Sincerely Yours,



Suzanne Vacco  
Special Agent

Criminal Investigation Division

1784 N. Congress Ave., Room 212  
West Palm Beach, FL 33409Person to Contact:  
Suzanne Vacco  
Telephone Number:  
(561) 688-8707  
Refer Reply to:  
914  
Date:  
January 24, 1997

## To Whom It May Concern:

The Internal Revenue Service is conducting an investigation of Dr. Kris M. Reddy. Financial information is being requested from you regarding payments for services rendered by Dr. Reddy or his office during the years 1989- 1995. Please respond to the following questions and return this questionnaire in the enclosed self addressed envelop within 10 days of receipt of this letter. If an extension of time is required please contact my office at (561) 688-8707. Thank you for your time and assistance.

- 1) Date of service(s):
  
- 2) Date of payment(s):
  
- 3) Amount(s) paid:
  
- 4) Form of payment(s) ( personal check, currency, credit card, cashiers check, money order, travelers checks, other)
  
- 5) Please enclose original canceled check or other form of payment : (such as copy of cashiers check)
  - a) Also include paid receipt provided by Dr. office :
  
- 6) Was an insurance claim filed:
  
- 7) If a claim was filed, was the procedure covered by insurance:

**EXHIBIT A**

IV.

**DAMAGES**

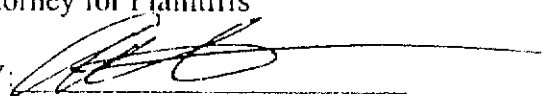
27. The reprehensible and vexatious conduct of and the illegal disclosures made by Criminal Investigation Division Special Agent Suzanne Vacco and the other agents involved herein caused Plaintiff substantial professional and personal embarrassment, loss of income, loss of goodwill, and unnecessary attorneys and accountant fees, resulting in actual damages, the extent of which at this time cannot be completely and accurately ascertained but which will be more fully known after the completion of discovery.

28. The intentional and/or grossly negligent unlawful disclosures by Criminal Investigation Division Special Agent Suzanne Vacco and the other agents involved herein entitles Plaintiffs to punitive damages the extent of which at this time cannot be completely and accurately ascertained but which will be known more fully after the completion of discovery.

29. Based on the unlawful disclosures Plaintiffs further contend that they are entitled to the costs of the action, plus reasonable attorneys' fees pursuant to Section 7431 (c)(2) and (3).

**WHEREFORE**, Plaintiffs request after trial of this case that judgment be entered in their favor against the United States for actual and punitive damages, the costs of this action, reasonable attorneys' fees, and such other and further relief to which Plaintiffs are entitled.

ANTHONY J. NATALE, P.A.  
502 Palm Street  
#4  
West Palm Beach, Florida 33401  
(561) 832-9055  
Attorney for Plaintiffs

BY:   
ANTHONY J. NATALE  
Florida Bar No.: 296627

RIGHT BOX  
FILED

UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF FLORIDA  
WEST PALM BEACH DIVISION

APR 14 1999

CARLOS JUENKE  
CLERK, USDC / SDFL / WPB

Case No. 99-8065-Civ-Ryskamp/Vitunac

KRIS M. REDDY, M.D. and	)
KRIS M. REDDY, M.D., P.A.,	)
	)
Plaintiffs,	)
	)
v.	)
	)
UNITED STATES OF AMERICA and	)
INTERNAL REVENUE SERVICE,	)
	)
Defendants.	)

DEFENDANTS UNITED STATES OF AMERICA AND  
INTERNAL REVENUE SERVICE'S ANSWER

Defendants the United States of America and Internal Revenue Service, by and through their undersigned counsel, for their Answer to the Complaint filed in this case, admit, deny and allege as follows:

FIRST DEFENSE

The Internal Revenue Service is not a proper party to this action.

SECOND DEFENSE

This Court lacks jurisdiction over the subject matter of this case, to the extent the plaintiffs seek to recover damages for any alleged wrongful disclosures of which they knew or had reason to know before January 25, 1997.

Handwritten mark resembling a stylized '1' or '7' with a circle below it.

THIRD DEFENSE

The Complaint fails to state a claim upon which relief can be granted as to plaintiff Kris M. Reddy, M.D., P.A.

FOURTH DEFENSE

The plaintiffs are not entitled to a trial by jury on any of the matters which are the subject of this action.

FIFTH DEFENSE

All disclosures with respect to the summonses at issue were either authorized or made pursuant to a good faith, but erroneous, interpretation of the Internal Revenue Code.

SIXTH DEFENSE

The defendants respond as follows with respect to the numbered paragraphs of the Complaint:

1. Admit that the plaintiffs have filed this action pursuant to 26 U.S.C. §7431, and that they seek to recover damages allegedly caused by disclosures of return information by Internal Revenue Service Special Agent Suzanne Vacco. Lack sufficient information to form a belief as to the truth of the allegation that any other officer or employee of the United States made wrongful disclosures of the plaintiffs' tax return information. Deny the remaining allegations of ¶1.

2. Admit that the Court has jurisdiction under 26 U.S.C. §7431(a)(1) over those allegedly wrongful disclosures of which the plaintiffs knew or had reason to know on or after January 27, 1997. Admit the allegations of the second sentence of ¶2. Deny the remaining allegations of ¶2.

3. Admit.

4. Admit that Dr. Reddy is the subject of an ongoing criminal investigation. Deny the remaining allegations of ¶4.

5. Admit that on November 30, 1995, Special Agent Vacco, accompanied by one other IRS employee, arrived unannounced at Dr. Reddy's place of business, in order to conduct an initial interview of Dr. Reddy. Admit that during the interview, Special Agent Vacco issued an administrative summons to Dr. Reddy's corporation, pursuant to the authority of 26 U.S.C. §7602. Deny the remaining allegations of ¶5.

6. Admit.

7. Admit that Dr. Reddy's professional association produced a substantial amount of records pursuant to the administrative summons issued by Special Agent Vacco. Deny that the corporate records produced were complete and accurate. Deny that the corporate records produced properly reflected all income received by Dr. Reddy and his professional association for the

years covered by the summons. Admit that the records produced included some patient ledger cards and insurance information, and that those documents (among others) included some data on Dr. Reddy's patients. Deny the remaining allegations of ¶7.

8. Admit that during and after January 1997, Special Agent Vacco caused letters to be mailed to a number of the patients of plaintiff Kris Reddy. Admit the allegations of the second and third sentences of ¶8. Lack sufficient information to enable them to form a belief as to the truth of the remaining allegations of ¶8.

9. Admit that Exhibit A to the complaint is a true and accurate copy of the letter at issue in this case. Deny the plaintiffs' attempts to characterize or paraphrase its contents, as reflected in ¶9.

10. Admit.

11. Admit that the letters, a copy of which is attached as Exhibit A to the complaint, improperly disclosed return information of plaintiff Kris Reddy but deny that the envelope was a separate unauthorized disclosure. Deny the remaining allegations of ¶11.

12. Deny.

13. Admit that recipients of the letters who read the letters learned that Dr. Reddy was under investigation by the Criminal Investigation Division of the Internal Revenue Service. Deny the remaining allegations of ¶13.

14.-15. Deny.

16. Admit that it was not necessary to include the Criminal Investigation Division identifier in the circular letters. Deny the remaining allegations of ¶16.

17. Admit Agent Vacco's disclosure of "Criminal Investigation Division" in the letters was unauthorized. Deny the remaining allegations of ¶17.

18. Admit.

19. Admit that the letters as mailed did not comply with section 6103 or the applicable IRS manual provisions. Deny the remaining allegations of ¶19.

20. Admit.

21. Admit that §347.2 of the Handbook for Special Agents, requires the Chief, Criminal Investigation Division, to approve all circular form letters in advance.

22. Deny.

23. Admit that Special Agent Vacco has received training on what information she is permitted to disclose in the course of



conducting an investigation. Deny the remaining allegations of ¶23.

24. Admit that §7431 of the Internal Revenue Code provides a cause of action to taxpayers aggrieved by certain negligent or intentional wrongful disclosures by officers or employees of the United States of tax returns or return information, in violation of §6103 of the Internal Revenue Code. Deny the remaining allegations of ¶24.

25. Admit that §6103(a) provides for the confidentiality of "return information." Admit that "return information" is defined in §6103(b)(2), as quoted in ¶25. Deny the remaining allegations of ¶25.

26. Admit that the disclosure of "Criminal Investigation Division" in the letters was an unauthorized disclosure for which plaintiff Kris Reddy may recover statutory damages. Deny the remaining allegations of ¶26.

27. Deny.

28. Deny that the disclosures at issue were either intentional or grossly negligent. Deny the remaining allegations of ¶28.

29. Deny.

30. Deny generally each and every allegation of the Complaint not hereinbefore specifically admitted, qualified or denied.

WHEREFORE, the defendants pray that the Court enter an order consistent with the defendants' answer, and grant such further relief as is just and proper.

Dated:

*April 14, 1979*

Respectfully submitted,



STUART D. GIBSON

Certification No. A5500428

MELISSA A. HOLTON

Certification No. A5500429

Trial Attorneys, Tax Division

U.S. Department of Justice

P.O. Box 227

Ben Franklin Station

Washington, D.C. 20044

Telephone: (202) 307-6586

(202) 514-5987

Facsimile: (202) 514-6866

OF COUNSEL:

BARBARA PETRAS

Assistant United States Attorney  
Office of the United States Attorney  
500 E. Broward Boulevard, Suite 700  
Fort Lauderdale, Florida 33394  
Florida Bar No. 209181  
Telephone: (954) 356-7314 ext. 3609  
Facsimile: (954) 356-7180

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that the foregoing Answer was served upon counsel for the plaintiffs this 14<sup>th</sup> day of April 1999, by sending a copy to him by First class mail, postage prepaid, addressed as follows:

ANTHONY J. NATALE  
502 Palm Street, #4  
West Palm Beach, FL 33401

  
MELISSA A. HOLTON

UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF FLORIDA  
WEST PALM BEACH DIVISION

Case No. 99-8065-Civ-Ryskamp/Vitunac

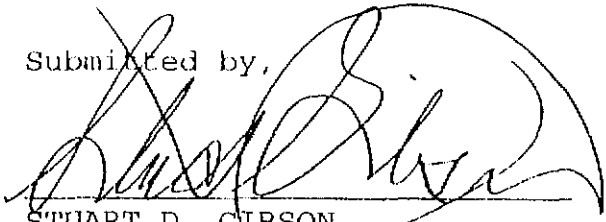
KRIS M. REDDY, M.D. and )  
KRIS M. REDDY, M.D., P.A., )  
 )  
Plaintiffs, )  
 )  
v. )  
 )  
UNITED STATES OF AMERICA and )  
INTERNAL REVENUE SERVICE, )  
 )  
Defendants. )

RECEIVED  
APR 19 10 PM 3:23  
CLERK OF DISTRICT COURT  
WEST PALM BEACH, FLORIDA

DEFENDANTS' OFFER OF JUDGMENT PURSUANT TO RULE 68

Defendants the United States of America and Internal Revenue Service, pursuant to Rule 68 of the Federal Rules of Civil Procedure, hereby offer to allow judgment to be taken against them on all claims in this action in the amount of \$126,000.00, plus the costs of the action accrued to date, as allowable under the applicable statutes and rules and to be determined by the Court.

Dated: April 19, 1999

Submitted by,  


STUART D. GIBSON  
Certification No. A5500428  
MELISSA A. HOLTON  
Certification No. A5500429  
Trial Attorneys, Tax Division  
U.S. Department of Justice  
P.O. Box 227  
Ben Franklin Station  
Washington, D.C. 20044  
Telephone: (202) 307-6586  
(202) 514-5987  
Facsimile: (202) 514-6866

2/10