

1 NICOLA T. HANNA
 United States Attorney
 2 THOMAS D. COKER
 Assistant United States Attorney
 3 Chief, Tax Division
 VALÉRIE L. MAKAREWICZ (Cal. Bar No. 229637)
 4 Assistant United States Attorney
 Federal Building, Suite 7211
 5 300 North Los Angeles Street
 Los Angeles, California 90012
 6 Telephone: (213) 894-2729
 7 Facsimile: (213) 894-0015
 E-mail: valerie.makarewicz@usdoj.gov

8 Attorneys for Plaintiff
 9 United States of America

10 UNITED STATES DISTRICT COURT
 11 FOR THE CENTRAL DISTRICT OF CALIFORNIA
 12 SOUTHERN DIVISION

13 UNITED STATES OF AMERICA,
 14
 15 Plaintiff,
 16 v.
 17 ERLEND OLSON,
 18 Defendant.

No. 8:18-cv-00225

COMPLAINT TO REDUCE FEDERAL
 PENALTY ASSESSMENTS TO
 JUDGMENT

19
 20 Plaintiff United States of America, by its undersigned counsel, for its complaint
 21 against the above-named defendant, alleges as follows:

22 **GENERAL ALLEGATIONS**

- 23 1. This is a civil action to reduce to judgment federal Foreign Bank and Financial
 24 Accounts (FBAR) penalty assessments against defendant ERLEND OLSON
 25 (“defendant”).
 26 2. This action is brought under 31 U.S.C. § 3711(g)(4)(C), at the direction of the
 27 Attorney General of the United States and at the request and with the authorization
 28

1 of the Chief Counsel of the Internal Revenue Service (“IRS”), a delegate of the
2 Secretary of the Treasury.

- 3 3. The Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and
4 1345 because this action arises under the laws of the United States and because the
5 United States is the plaintiff.
6 4. Venue for the action is within the Central District of California under 28 U.S.C.
7 §§ 1391 because defendant resides within this judicial district.

8 **FAILURE TO REPORT FOREIGN BANK ACCOUNTS**

- 9 5. Section 5314 of Title 31 of the United States Code authorizes the Secretary of the
10 Treasury to require United States citizens to report certain transactions with
11 foreign financial agencies.
12 6. Under the implementing regulations of § 5314, “[e]ach United States person
13 having a financial interest in, or signature or other authority over, a bank,
14 securities, or other financial account in a foreign country shall report such
15 relationship to the Commissioner of Internal Revenue for each year in which such
16 relationship exists[.]” 31 C.F.R. § 1010.350(a).
17 7. The report must be filed with the IRS on a Report of Foreign Bank and Financial
18 Accounts which is also referred to as an FBAR. The report is due by June 30 “of
19 each calendar year with respect to foreign financial accounts exceeding \$10,000
20 maintained during the previous calendar year.” 31 C.F.R. § 1010.306(c).
21 8. Under 31 U.S.C. § 5321(b)(2)(A), the Government may bring suit to recover the
22 penalty assessed under 31 U.S.C. § 5321(a) at any time before the end of the 2-
23 year period beginning on the date the penalty was assessed.
24 9. This action is brought within the two-year limitations period specified in 31
25 U.S.C. § 5321(b)(2)(A).
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27
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- 1 10. During the years 2010 and 2011, defendant, a U.S. citizen, had a financial interest,
2 signatory authority and/or otherwise controlled a bank account with Bancaja Bank
3 in Spain and three bank accounts with Hellenic Bank in Cyprus (“foreign bank
4 accounts”).
- 5 11. In 2010 and 2011, defendant’s foreign bank accounts had a balance that exceeded
6 \$10,000.
- 7 12. Defendant was required by law to file a FBAR disclosing his financial interest in
8 his foreign bank accounts for 2010 and 2011, but failed to timely disclose his
9 financial interest in his foreign bank accounts.
- 10 13. For the years 2010 and 2011, defendant failed to report the income he deposited
11 into his foreign bank accounts, and failed to timely report the interest or dividend
12 income he earned from his foreign bank accounts on his federal income tax
13 returns, Forms 1040.

14
15 **REDUCTION OF ASSESSMENTS TO JUDGMENT**

- 16 14. On September 13, 2016, a delegate of the Secretary of the Treasury made federal
17 FBAR penalty assessments against defendant for the 2010 and 2011 calendar
18 years each in the amount of \$10,000 per foreign bank account (of which defendant
19 had 4), pursuant to 31 U.S.C. § 5314, for a total penalty amount of \$80,000, plus a
20 late payment penalty pursuant to 31 U.S.C. § 3717(e)(2) in the amount of
21 \$3,773.61. To date, defendant has made a payment of \$567.
- 22 15. On September 22, 2016, notice and demand for payment of the FBAR penalties
23 was sent to defendant.
- 24 16. Interest has accrued on the penalties as provided by law and remains unpaid. As
25 of June 29, 2017, the unpaid balance owed to the United States for the penalty and
26 interest is \$83,835.55.

1 17. Despite timely notice and demand for payment of the FBAR penalty assessments
2 for the 2010 and 2011 calendar years, defendant has neglected, failed, or refused
3 to pay in full said assessments, and there remains due and owing from defendant,
4 on the FBAR penalty assessments for the 2010 and 2011 calendar years, as of
5 June 29, 2017, the sum of \$83,835.55, plus accrued interest, penalties, and other
6 statutory additions as provided by law, incurred before or after the filing of this
7 Complaint.

8 WHEREFORE, plaintiff United States of America prays that the Court:

- 9 A. Enter judgment in favor of the United States of America and against defendant for
10 an unpaid FBAR penalty liabilities pursuant to 31 U.S.C. § 5321(a)(5) for the
11 2010 and 2011 calendar years, in the amount of \$83,835.55, plus interest,
12 penalties (including the late payment penalty pursuant to 31 U.S.C. § 3717(e)(2)
13 and interest on this penalty), and other statutory additions as provided by law,
14 accruing after June 29, 2017.
- 15 B. Award plaintiff United States of America its costs and such other further relief as
16 is just and proper.

17
18 Dated: 02/08/2018

Respectfully submitted,

19 SANDRA B. BROWN
20 Acting United States Attorney
21 THOMAS D. COKER
22 Assistant United States Attorney
Chief, Tax Division

23 /s/

24 VALERIE L. MAKAREWICZ
25 Assistant United States Attorney

26 Attorneys for Plaintiff
27 UNITED STATES OF AMERICA
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