**UNITED STATES DISTRICT COURT**
**MIDDLE DISTRICT OF FLORIDA**
**TAMPA DIVISION**

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| UNITED STATES OF AMERICA,<br><br>Plaintiff,<br><br>v.<br><br>JOSEPH D. JOHNSON,<br>ANDREW BRYANT, and<br>CHRISTOPHER BRYANT,<br><br>Defendants. | Case No. 25-2072 |

**COMPLAINT**

The United States of America, for its complaint against Joseph D. Johnson, Andrew Bryant, and Christopher Bryant, alleges the following:

1. Defendants Joseph D. Johnson, Andrew Bryant, and Christopher Bryant organize, promote, or sell (or assist in the organization, promotion, or sale of) abusive bargain sale real estate transactions that result in inflated and unsupported charitable contribution deductions claimed on the federal income tax returns of participants in the transaction.

2. Defendants target owners of real property – typically owners of commercial or industrial properties – to participate in the abusive bargain sale transactions. The real property is usually distressed or in disrepair, has high carrying costs, and/or has been listed for sale for an extended time.

3. Using false promises of legitimate tax savings, Johnson encourages

property owners to sell their real property to a tax-exempt (or purportedly tax-exempt) charity for less than the property's fair market value. Johnson then arranges for the sale and furnishes inflated property appraisals, most of which are prepared by Andrew Bryant or Christopher Bryant, to serve as the basis for an inflated charitable contribution deduction to be claimed by the real property owner.

4. The charitable contribution deduction is equal to the difference between the inflated appraised value and the closed sale price of the property. Soon thereafter (sometimes on the same day as the bargain sale), Johnson arranges the sale of the property from the charity to a third party.

5. Johnson formed a series of businesses to facilitate these abusive bargain sale transactions and solicits the participation of tax-exempt (or purportedly tax-exempt) organizations. Johnson promises the property owners significant tax savings in the form of large charitable contribution deductions (supported by the inflated appraisals he furnishes).

6. Defendants Andrew Bryant and Christopher Bryant prepare false and inflated real property appraisals, relying on frivolous interpretations and characterizations of published IRS guidance. Andrew Bryant and Christopher Bryant furnish these bogus appraisals to real property owners with knowledge that the real property owners will use the appraisals to substantiate inflated charitable contribution deductions to the IRS. Andrew Bryant and Christopher Bryant assist Johnson in the organization, operation, and promotion of these abusive bargain sale transactions by, among other things, preparing and furnishing the inflated appraisals

that are used to support inflated charitable deductions.

7. From as early as 2013 to the present, Johnson has facilitated as many as 190 abusive bargain sale transactions. Since 2014, Andrew Bryant and Christopher Bryant have appraised properties in more than half of those transactions.

8. Because of these abusive bargain sale transactions, the IRS has expended significant resources auditing the real or purported charities involved and the taxpayers who have claimed large and unwarranted charitable deductions due to bargain sales.

9. Since 2014, Defendants have organized and promoted 99 bargain sale transactions. IRS audits of dozens of these transactions show that, on average for each tax return examined, Defendants have caused an estimated average tax loss of $504,391. If that figure is multiplied across Defendants' known customer base, the total tax harm attributable to Defendants' abusive bargain sale transactions could be as much as $46 million.

10. Accordingly, the United States brings this Complaint pursuant to 26 U.S.C. §§ 7402 and 7408 to enjoin Defendants from organizing, promoting, or selling abusive bargain sale transactions, and assisting in those activities, described in this Complaint, and other relief as detailed below.

## AUTHORIZATION

11. This action for injunctive relief is commenced at the request and with the authorization of a delegate of the Secretary of the Treasury and at the direction of a delegate of the Attorney General of the United States.

## JURISDICTION & VENUE

12. This Court has jurisdiction under 28 U.S.C. §§ 1340 and 1345, and 26 U.S.C. §§ 7402(a) and 7408(a).

13. Venue is proper in this Court because a substantial part of the conduct giving rise to this suit took place in this judicial district and Johnson resides in this district. 26 U.S.C. § 7408(a); 28 U.S.C. §§ 1391(b) and 1396.

## THE PARTIES

14. Plaintiff is the United States of America.

15. **Joseph D. Johnson ("Johnson**") resides in Bradenton, Florida. Johnson received a bachelor's degree and a master's degree in Business Administration from Ashland University and a Doctor of Philosophy in Organizational Leadership from Regent University. Johnson is subject to this Court's jurisdiction because he resides in this judicial district.

16. Johnson is the founder, director, and officer of **Mercy Foundation Group, Inc.** and its subsidiaries, including **Mercy Real Estate Foundation**, (*collectively* "**Mercy**"). Mercy, now defunct, held itself out to be exempt from taxation under the Internal Revenue Code. Johnson formed and operated Mercy to organize, promote, and facilitate bargain sale transactions and receive title to real property in those sales.

17. Johnson also formed **The Welfont Companies, Inc.** ("**Welfont**"), a Delaware corporation with its principal place of business located in Bradenton, Florida. Johnson is the founder and sole director of Welfont. Welfont is a parent and

holding company for **Welfont LLC, Welfont Services LLC, Welfont Investments LLC,** and **Charity Financial LLC**, among other entities. Johnson operates Welfont to organize, promote, and facilitate abusive bargain sale transactions.

18. In an interview with Tampa Bay Business & Wealth Magazine, published on May 5, 2020, Johnson described why he started Welfont:

> There was really no real estate brokerage and services company that represented nonprofits . . . When it comes to buying real estate, nonprofits also have tax advantages that regular people and regular companies do not have.

19. Johnson, through Mercy and Welfont, is the architect of the abusive bargain sale transactions described in this Complaint.

20. **Andrew Bryant** is a real estate appraiser who resides in Indianapolis, Indiana and operates Bryant Asset Advisors with his brother (and co-Defendant) Christopher Bryant. Andrew Bryant graduated from Indiana University-Purdue and, in the past, was a licensed real property appraiser. Since 2014, Andrew Bryant, together with his brother, has prepared as many as 99 appraisals to assist Johnson in the organization, operation, and promotion of the abusive bargain sale transactions described in this Complaint.

21. Andrew Bryant is subject to this Court's jurisdiction under Fla. Stat. § 48.193 because he has appraised real property in Florida to facilitate the abusive bargain sale transactions described in this Complaint. By appraising real property to facilitate the abusive bargain sale transactions described in this Complaint, Andrew Bryant has participated directly or indirectly in real estate transactions within this

judicial district. Further, and in furtherance of the abusive bargain sale transactions described in this Complaint, Andrew Bryant has engaged in extensive business activity with Johnson, who resides in this judicial district, and the entities Johnson operates and controls, Mercy and Welfont, which have their principal places of business and operational headquarters in this judicial district.

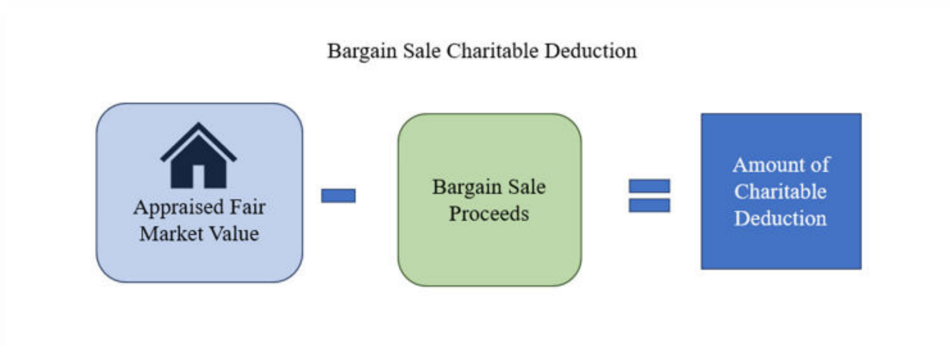
22. **Christopher Bryant** is a real estate appraiser who resides in Solana Beach, California and operates Bryant Asset Advisors with his brother (and co-Defendant) Andrew Bryant. He graduated from Thomas Edison State College and is a licensed real property appraiser. Since 2014, Christopher Bryant, together with his brother, have prepared as many as 99 appraisals to assist Johnson in the organization, operation, and promotion of the abusive bargain sale transactions described in this Complaint.

23. Christopher Bryant is subject to this Court's jurisdiction under Fla. Stat. § 48.193 because he has appraised real property in Florida to facilitate the abusive bargain sale transactions described in this Complaint. By appraising real property to facilitate the abusive bargain sale transactions described in this Complaint, Christopher Bryant has participated directly or indirectly in real estate transactions within this judicial district. Further, and in furtherance of the abusive bargain sale transactions described in this Complaint, Christopher Bryant has engaged in extensive business activity with Johnson, who resides in this judicial district, and the entities Johnson operates and controls, Mercy and Welfont, which have their principal place of business and operational headquarters in this judicial district.

## BARGAIN SALES GENERALLY

24. A "bargain sale" occurs when property is sold to a tax-exempt organization for less than the property's fair market value.

25. In a bargain sale, a donor claims a deduction for an amount that represents the appraised fair market value of the property less any proceeds received (*i.e.*, the sale price). This basic calculation for the bargain sale charitable deduction is illustrated below.




26. The Internal Revenue Code provides that a taxpayer may deduct from her taxable income the value of a charitable contribution or gift to a recognized tax-exempt entity.

27. The amount of a charitable deduction generally is based on the fair market value of the property at the time of the donation. The Internal Revenue Code defines fair market value as "the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts."

28. For claimed charitable contribution deductions of property with a value of over $5,000, a taxpayer must obtain a "qualified appraisal" of that property. This

information typically is reported on an **IRS Form 8283**, **Noncash Charitable Contribution**, which is signed subject to statutory penalties by the appraiser and included with the tax return containing the claimed deduction.

## OVERVIEW OF THE ABUSIVE BARGAIN SALE TRANSACTIONS

29. Beginning around 2013, Johnson began organizing and promoting abusive bargain sales of real property. Johnson promised significant tax savings for property owners who sold their real property to tax-exempt charities (or purported charities) through the abusive bargain sales he promoted.

30. Johnson, personally and through his employees and representatives, identifies and solicits charities to "purchase" the real property in a bargain sale.

31. Johnson, personally and through his employees and representatives, determines the price at which the real property will be sold to the charity.

32. Johnson, personally and through his employees and representatives, arranges financing for the purchase and charges the charity loan origination fees and high rates of interest. The charity generally has no significant participation in the transaction, rarely, if ever, takes possession of the property, and never pays out of pocket for any of the real property it briefly "purchases" through the arranged bargain sales.

33. Johnson, personally and through his employees and representatives, prepares an "Opinion of Value" ("OOV") of the property based on misleading data, and asserts that the property will appraise at or above 90% of that inflated value. Johnson, personally and through his employees and representatives, selectively

chooses appraisers, such as Andrew Bryant and Christopher Bryant, who are willing to appraise the property at an overinflated value based on the OOV, bogus interpretations of IRS guidance, and other spurious methodological techniques, unsupported assumptions, and omissions.

34. To participate in the bargain sale, sellers of real property typically pay costs of closing on the transaction, costs of the inflated appraisal, and brokerage fees – often payable to entities or employees of Johnson.

35. Johnson collects a brokerage fee and/or commission on the sale to the charity. He also charges the charities large fees and commissions based on the inflated appraised value of the property. When he arranges for the (sometimes contemporaneous) sale of the property from the charity to a third party, he or his companies pocket most of the sale proceeds by charging exorbitant fees – with only a small fraction of sale proceeds later paid to the charity.

36. The basic steps of these abusive bargain sale transactions are described below.

37. ***First***, Johnson, through his employees and representatives, identifies owners of real property, both residential and commercial, that are distressed, have high carrying costs, and/or have been on the market for an extended time. Although these owners are actively marketing their real property for sale, the properties typically have remained unsold for months or even years.

38. ***Second***, Johnson, through his employees and representatives, contacts these owners and proposes that they sell their property to a tax-exempt organization

in a "bargain sale" and at a "bargain" price.

39. To convince them to participate in the arrangement, Johnson falsely promises significant tax savings based on an inflated appraisal of the property's value.

40. ***Third***, Johnson's employees or representatives typically prepare and transmit a **Letter of Intent** ("**LOI**") for execution by the owner.

41. The LOI sets forth the terms of the transaction developed by Johnson.

42. The LOI includes the following terms:

(a) <u>Bargain Sale Purchase Price:</u> The LOI includes the agreed bargain sale purchase price to be paid by the charity receiving the property.

(b) <u>Opinion of Value:</u> The LOI lists an OOV for the property. This OOV is a purported estimate of the fair market value of the property. Johnson furnishes the OOV to the seller. Johnson developed the model (in the form of a spreadsheet) for determining how to calculate an OOV.

(c) <u>Tax Deduction & Total Projected Cash Benefit:</u> The LOI states the estimated tax deduction and cash benefit to the seller resulting from the sale (using the OOV less the purchase price to reach this figure).

(d) <u>90% of Appraised Value Promise:</u> The LOI provides that the seller will pay for a qualified appraisal of the property and, if the appraised value is less than 90% of the OOV, the seller can cancel the transaction.

(e) <u>IRS Form 8283:</u> The LOI provides that, after closing on the property, the charity will deliver an executed IRS Form 8283, signed by a representative of the charity and the appraiser, to the seller for the appraised value of the property.

43. ***Fourth***, after execution of the LOI, Johnson, through his employees and representatives, concurrently undertakes several tasks to finalize the sale. These include:

(a) Johnson, through his employees and representatives, prepares a final Purchase Agreement setting forth the terms of the sale.

(b) Johnson, through his employees and representatives, seeks third-party purchasers for the real property. This is done to line up a sale by the charity very soon after its purchase through the bargain sale – sometimes on the same day or within a few days.

(c) Andrew Bryant and Christopher Bryant prepare an appraisal of the real property. In preparing the appraisal, Andrew Bryant and Christopher Bryant use unrealistic methodologies, adjustments, and assumptions, violate the standards governing appraisal practice, falsely state that the appraisal is a "qualified appraisal" within the meaning of the Internal Revenue Code, rely on frivolous interpretations of IRS guidance, and otherwise prepare valuations that grossly overvalue the real property. These inflated appraisals are used as a selling point to encourage sellers' participation in the abusive bargain sale transactions, and Andrew Bryant and Christopher Bryant know that their appraisal will be used in this manner.

(d) Andrew Bryant and Christopher Bryant sign Forms 8283 which list the appraised value of the property.

(e) Johnson, through his employees and representatives, contacts representatives of the charity to execute the IRS Form 8283.

(f) Johnson, though his employees and representatives, furnishes to the sellers a copy of the appraisal and a copy of the IRS Form 8283 executed by both the appraiser and a representative of the charity.

44. ***Fifth***, Johnson, through his employees and representatives, arranges for and finalizes the closing of the transaction to the Johnson-selected charity. For most of the transactions, Johnson's company provides financing to the charities for the initial purchase – at interest rates well above market.

45. ***Sixth***, and usually on the same day or within a few days of the bargain sale closing, Johnson, through his employees and representatives, arranges for a subsequent sale of the real property. In this transaction, the charity sells the real

property to a third-party purchaser for far less than the inflated appraised value of the real property.

## EXAMPLES OF ABUSIVE BARGAIN SALE TRANSACTIONS

46. The following examples illustrate the abusive bargain sale transactions more generally described in this Complaint. These are only examples of the conduct at issue and they are not intended to exemplify each false statement that Defendants made or furnished.

### *Property 1 – Virginia Assisted Living Facility*

47. Property 1 is a former assisted living facility located in Virginia. Property 1 was listed for sale at a price of $599,000 in March 2013.

48. After over a year on the market, the seller of Property 1 executed an LOI prepared by Johnson, through his employees and representatives, outlining terms for the sale of Property 1 to Mercy.

49. The LOI stated that Mercy was a tax-exempt organization and listed a bargain sale price for Mercy to purchase Property 1 for $20,000.

50. The LOI listed an OOV for Property 1 of $1,392,000 and an estimated charitable contribution deduction of $1,372,000.

51. In the OOV, Johnson, through his employees and representatives, falsely stated that the IRS permits an appraisal method valuing the donated property for purposes of the charitable deduction as "higher than list price." The OOV also stated:

> **The IRS 561 Appraisal**
>
> Regardless of your property's location, condition or adverse environmental hazards the IRS allows the Seller to obtain an IRS 561 appraisal for the purpose of a Bargain Sale transaction. The appraisal method is not like your typical bank quick-sale appraisal, nor an insurance appraisal. It's specifically for the purposes of valuing the value of donated property.

52. On September 12, 2014, and despite the property having been listed for sale (and unsold) for a year at $599,000, Andrew Bryant concluded that the fair market value of Property 1 was $1,410,000. At the time Andrew Bryant reached his conclusion regarding the value of Property 1, Andrew Bryant knew or had reason to know that his statement of value would be used in the promotion and execution of a bargain sale transaction organized by Johnson, through his employees and representatives. Andrew Bryant furnished his statement of value and appraisal report to Johnson, and Johnson, through his employees and representatives, furnished the statement of value to the seller of Property 1.

53. Mercy, through Johnson, purchased Property 1 for $16,000 on September 17, 2014.

54. Johnson, through his employees and representatives, furnished to the seller of Property 1 an IRS Form 8283. The IRS Form 8283, executed by Andrew Bryant, listed Property 1's value as $1,410,000.

55. On September 18, 2014, the day after the sale of Property 1 to Mercy, Johnson caused Mercy to transfer Property 1 (for no consideration) to a Johnson-controlled holding company called "MFGI 245 LLC."

56. A few months later, MFGI 245 LLC sold Property 1 for $183,750 – and received over $155,000 in cash at closing.

57. According to public records, Property 1 has been sold two more times – in January 2019 for $600,000 and July 2019 for $655,000.

***Property 2 – West Virginia Industrial Property***

58. Property 2 is a manufacturing facility located in a small town in West Virginia. Property 2 sits on 29 acres and the facility consists of 279,000 square feet.

59. Johnson, through his employees and representatives, provided the owner of Property 2 with an OOV stating that Property 2 was worth $12,101,000 and included an "Estimated Eligible Tax Deduction" of $10,401,000.

60. On March 13, 2017, Andrew Bryant and Christopher Bryant issued an appraisal report for Property 2.

61. Andrew Bryant and Christopher Bryant concluded that the fair market value of Property 2 was $11,100,000. At the time Andrew Bryant and Christopher Bryant reached their conclusion regarding the value of Property 2, they knew or had reason to know that the statement of value was to be used in the promotion and execution of a bargain sale transaction organized by Johnson, through his employees and representatives. Andrew Bryant and Christopher Bryant furnished the statement of value and appraisal report to Johnson, and Johnson, through his employees and representatives, furnished the statement of value to the seller of Property 2.

62. On March 14, 2017, Property 2 was sold for $675,000.

63. Property 2 has not subsequently been sold, but it has been actively listed on the market for $11 million since 2017 with no offers and no purchasers. The local taxing authority currently appraises the value of Property 2 at around $2.5 million.

## DEFENDANTS ORGANIZED AND PROMOTED ABUSIVE BARGAIN SALE TRANSACTIONS

64. In 2013, Johnson incorporated Mercy as a purported tax-exempt entity with the Secretary of State of Delaware.

65. From 2013 through 2015, Johnson used Mercy to organize at least 52 abusive bargain sale transactions.

66. Andrew Bryant and/or Christopher Bryant prepared as many as 27 appraisals for abusive bargain sale transactions involving Mercy.

67. Starting in 2015, Johnson began organizing other for-profit entities to facilitate abusive bargain sale transactions. These entities included Welfont and Welfont subsidiaries that Johnson formed to broker, market, finance, and otherwise administer aspects of the abusive bargain sale transactions.

68. Through this web of Welfont entities, Johnson began to directly broker abusive bargain sale transactions and recruited other purported charities (in addition to Mercy) to receive donated properties.

69. By the close of 2015, Johnson ceased organizing abusive bargain sale transactions that used Mercy as the purchaser of the property. But Johnson continued to organize and promote abusive bargain sale transactions. Rather than use Mercy, Johnson recruited charities operated by friends and colleagues to participate in abusive bargain sale transactions.

70. Johnson, through his employees and representatives, also cold-called small charities to recruit them to participate in abusive bargain sale transactions. In

many instances, the charities were misled about the nature of their involvement in abusive bargain sale transactions.

71. Johnson's for-profit entities collected high interest rates to finance the charities' purchases and collected very large fees and commissions at closing (based on the inflated appraised value of the donated properties). Charities usually received only a fraction of the actual sale proceeds from their sales of the "donated" property.

72. Johnson organized and formed both Mercy and Welfont for the purpose of facilitating abusive bargain sale transactions.

73. Johnson developed training and marketing materials, hired employees, and managed Mercy and Welfont as they sought out real properties and real property owners to participate in abusive bargain sale transactions.

74. Johnson created an Excel spreadsheet through which he, his employees, and other representatives, generated inflated "Opinion[s] of Value" that included calculations of inflated tax benefits for participants in abusive bargain sale transactions.

75. Johnson personally, and through his employees and representatives, actively sought out real estate brokers, real property owners, and charities to participate in abusive bargain sale transactions.

76. Johnson, through his employees and representatives, marketed participation in abusive bargain sale transactions through Welfont's website, numerous videos posted to Welfont's YouTube channel, and presentations for real estate brokers.

77. Johnson, through his employees and representatives, enticed real estate brokers to participate in abusive bargain sale transactions by promising them guaranteed commissions.

78. Johnson personally, and through his employees and representatives, developed training manuals to instruct employees on methods for marketing participation in abusive bargain sale transactions.

79. Starting in 2014, Andrew Bryant and Christopher Bryant worked closely with Johnson, and representatives of Mercy and Welfont, to provide appraisals for properties sold in abusive bargain sale transactions.

80. Starting in 2014, at the request of Johnson, and his employees and representatives, Andrew Bryant and Christopher Bryant prepared at least 99 real property appraisals for properties sold in abusive bargain sale transactions.

81. Andrew Bryant and Christopher Bryant prepared more than half of the known appraisals for the abusive bargain sale transactions described in this Complaint.

82. Andrew Bryant and Christopher Bryant earned substantial fees for the appraisals they prepared at the request of Johnson and his employees and representatives.

83. Andrew Bryant and Christopher Bryant assisted in the organization of abusive bargain sale transactions by providing inflated appraisals.

84. Andrew Bryant and Christopher Bryant coordinated with Johnson, and his employees and representatives, to prepare appraisals using a frivolous

interpretation of IRS guidance.

85. Throughout their appraisal reports, Andrew Bryant and Christopher Bryant quoted, verbatim, promotional materials developed by Johnson, his employees and representatives, including a frivolous interpretation of IRS guidance. In addition, and throughout their appraisal reports, Andrew Bryant and Christopher Bryant applied bogus extraordinary assumptions and hypothetical conditions, inappropriate sales comparison data and analysis, and other spurious appraisal methods and techniques.

86. Before preparing an appraisal, Johnson, his employees or representatives, provided Andrew Bryant and Christopher Bryant with the OOV, purchase agreements, and other marketing data about the subject property.

87. Time after time, the appraisals prepared by Andrew Bryant and Christopher Bryant contained valuation conclusions that echoed the OOV prepared by Johnson (or his employees or representatives). Johnson, through his employees and representatives, told potential participants – via the LOI – that they could cancel any transaction if the appraised property value was not within 90% of the OOV.

## DEFENDANTS MADE AND FURNISHED FALSE STATEMENTS ABOUT TAX BENEFITS

88. Defendants made and furnished (or caused others to make and furnish) materially false statements regarding the tax benefits available to participants in the abusive bargain sale transactions.

89. To substantiate a donation of property that results in a claimed

deduction of more than $5,000 the taxpayer must, among other things, obtain a "qualified appraisal" of that property as set forth in 26 U.S.C. § 170(f)(11)(C) and (E).

90. The Treasury regulations set forth the requirements for preparing a "qualified appraisal." 26 C.F.R. § 1.170A-13(c)(3).

91. A "qualified appraisal" must include the "fair market value, within the meaning of § 1.170A-1(c)(2), of the contributed property on the valuation effective date." 26 C.F.R. § 1.170A-17(a)(3)(i)(D).

92. Fair market value is the "price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts." 26 C.F.R. § 1.170A–1(c)(2).

93. A "qualified appraisal" is prepared "in accordance with generally accepted appraisal standards" – defined as "the substance and principles of the Uniform Standards of Professional Appraisal Practice, as developed by the Appraisal Standards Board of the Appraisal Foundation." 26 C.F.R. § 1.170A-17(a)(2).

94. Johnson made and furnished (or caused his employees and representatives to make and furnish) false statements regarding the availability of large charitable contribution tax deductions to those who participated in his abusive bargain sale transactions.

95. Johnson made and furnished (or caused his employees and representatives to make or furnish) false statements, based on a bogus interpretation

of IRS guidance, that appraisals of donated property result in a fair market value that is higher than the property's current value.

96. Johnson made and furnished (or caused his employees and representatives to make or furnish) false statements in the form of inflated appraisals and IRS Forms 8283 that overstated the fair market value of real property and falsely represented that the appraisal was a "qualified appraisal" that could be submitted to the IRS to substantiate a charitable contribution deduction.

97. Johnson made and furnished (or caused his employees and representatives to make or furnish) false statements that Mercy was a qualified charitable organization to which individuals could donate property in a bargain sale and claim a charitable contribution deduction.

98. Johnson made and furnished (or caused his employees and representatives to make and furnish) false statements regarding the eligibility of Mercy to receive tax-deductible contributions under the Internal Revenue Code.

99. Mercy falsely held itself out as "a 501(c)(3) organization."

100. Mercy never filed an application with the IRS seeking recognition as a tax-exempt organization.

101. Despite having never applied for or received tax exempt status for Mercy, Johnson solicited property owners to "donate" property to Mercy, and promised donors they could claim a charitable contribution deduction in the amount of the appraised value of the property donated to Mercy, less any cash paid by Mercy in an abusive bargain sale transaction.

102. Andrew Bryant and Christopher Bryant hold themselves out as professional appraisers, and they claim that they meet the definition of a "qualified appraiser" as defined in 26 U.S.C. § 170(f)(11).

103. Andrew Bryant and Christopher Bryant prepared appraisal reports that valued property for the specific purpose of supporting a charitable contribution deduction.

104. Andrew Bryant and Christopher Bryant claim that their appraisal reports meet the definition of a "qualified appraisal" in the Internal Revenue Code and regulations thereunder.

105. Continually and repeatedly in their appraisal reports, Andrew Bryant and Christopher Bryant relied on inappropriate assumptions, used inappropriate methodology, and used various discredited techniques to improperly inflate the value of real property. These include:

(a) Reliance on, and application of, a frivolous interpretation and characterization of IRS Publication 561.

(b) Application of "extraordinary assumptions" that result in Andrew Bryant and Christopher Bryant <u>not</u> considering prior marketing periods or prior listing prices for the properties, and <u>not</u> considering actual close-in-time sales.

(c) Application of unsubstantiated exposure and marketing time periods.

(d) Application of irrelevant approaches to determine fair market value.

(e) Selection of unsuitable and distinctly dissimilar sales transactions to evaluate and compare to the subject property.

106. By using these and other improper methods, Andrew Bryant and

Christopher Bryant prepared grossly overvalued appraisals, which, in turn, resulted in sellers grossly overstating the amount of their tax deductions and obtaining unwarranted tax benefits.

107. Andrew Bryant and Christopher Bryant claim that their appraisals follow the Uniform Standards of Professional Appraisal Practice ("USPAP"), but this is false due to their flawed methodology, inappropriate data, and unsupportable assumptions.

108. Their appraisals do not comply with USPAP. The appraisals prepared by Andrew Bryant and Christopher Bryant are therefore unreliable and fail to comply with the Internal Revenue Code and federal regulations for preparing qualified appraisals.

109. Andrew Bryant and Christopher Bryant made and furnished false statements by providing these inflated appraisals and fully executed IRS Forms 8283 to Johnson, and his employees and representatives, who then furnished the appraisals and IRS Forms 8283 to participants in the abusive bargain sale transactions.

110. Johnson made and furnished, or caused others to make and furnish, gross valuation overstatements – *i.e.*, that the value provided in the appraisals furnished in connection with the abusive bargain sale transactions at times exceeded 200% of the fair market value of the property, in violation of 26 U.S.C. § 6700(a)(2)(B).

111. Johnson personally, and through his employees and representatives,

made and furnished these gross value overstatements in connection with the abusive bargain sale transactions in the form of inflated appraisals and the executed IRS Forms 8283 that overstated the fair market value of the real properties.

112. Andrew Bryant and Christopher Bryant made and furnished, or caused others to make and furnish, gross valuation overstatements. That is, the value provided in the appraisals furnished in connection with the abusive bargain sale transactions at times exceeded 200% of the fair market value of the property, in violation of 26 U.S.C. § 6700(a)(2)(B).

113. Andrew Bryant and Christopher Bryant executed IRS Forms 8283, which resulted in gross valuation overstatements to the IRS as to the valuation of the real property.

114. Andrew Bryant and Christopher Bryant made and furnished, or caused others to make and furnish, gross valuation overstatements to individuals who used the IRS Forms 8283 to substantiate the inflated charitable contribution deductions they claimed on their federal tax returns.

## DEFENDANTS KNEW OR HAD REASON TO KNOW THEIR STATEMENTS WERE FALSE

115. Johnson knew or had reason to know of the falsity of his statements because he controlled and organized both Welfont and Mercy; managed and directed employees and representatives; created marketing materials, form documents, and scripts; and had knowledge of the internal operations and financial records of both entities.

116. Johnson is in the business of promoting abusive bargain sale transactions and has been in that business for many years.

117. Johnson promoted bargain sale transactions as a tax strategy.

118. Johnson is a sophisticated businessman, real estate professional, and entrepreneur.

119. Johnson holds a bachelor's degree, a master's degree, and a doctoral degree.

120. Johnson holds himself out as having thoroughly researched the tax laws governing bargain sale transactions.

121. Johnson holds himself out as an authority on the tax laws governing bargain sale transactions.

122. As the principal officer and CEO of Mercy, Johnson signed IRS Forms 990 on behalf of Mercy under the penalties of perjury.

123. Given Johnson's professional qualifications and years of experience, he knew or had reason to know that participants in the abusive bargain sale transactions were not entitled to the tax benefits he stated were available.

124. Johnson knew or had reason to know his statements with respect to the allowability of deductions and/or about the tax benefits available to participants in abusive bargain sale transactions are false or fraudulent as to material matters, because they are false or fraudulent facts and assertions about the availability of tax benefits in violation of 26 U.S.C. § 6700(a)(2)(A).

125. Andrew Bryant and Christopher Bryant knew or had reason to know

that their appraisal reports and the IRS Forms 8283 they executed would be attached to the federal tax returns as required by the Internal Revenue Code to support charitable contribution deductions. Andrew Bryant and Christopher Bryant signed IRS Forms 8283 with respect to each appraisal with the knowledge they were material and would be used to support such deductions.

126. Considering their professional experience and education, Andrew Bryant and Christopher Bryant knew or should have known that appraisal reports they prepared were contrary to the Internal Revenue Code and regulations, violated the professional standards for real estate appraisers, and resulted in false and inflated appraised values.

127. Andrew Bryant and Christopher Bryant knew or should have known that the extraordinary assumptions they employ violate professional standards for real estate appraisers.

128. Andrew Bryant and Christopher Bryant knew or should have known that inflated appraisals with such extraordinary assumptions do not constitute qualified appraisals within the meeting of 26 C.F.R. § 1.170A-17(a)(2).

129. Andrew Bryant and Christopher Bryant also knew or had reason to know the inflated values they provided to Johnson, and his employees and representatives, would be used to claim overvalued charitable contribution deductions on federal income tax returns. Andrew Bryant and Christopher Bryant knew or had reason to know that these deductions would improperly reduce the federal income tax liabilities of the participants in the abusive bargain sale

transactions.

130. Andrew Bryant and Christopher Bryant knew or had reason to know their statements with respect to the availability of tax benefits (in the form of inflated appraised values in support of charitable deductions) were false as to material matters, in violation of 26 U.S.C. § 6700(a)(2)(A).

## DEFENDANTS' CONDUCT INTERFERED WITH THE ENFORCEMENT OF THE INTERNAL REVENUE LAWS AND VIOLATED STANDARDS OF PRACTICE BEFORE THE DEPARTMENT OF THE TREASURY

131. Andrew Bryant and Christopher Bryant appraised real property in connection with abusive bargain sale transactions and knew, or reasonably should have known, that the appraisals would be used in connection with a federal tax return or claimed charitable deduction and the claimed value of the property set forth in their appraisals frequently resulted in a substantial valuation misstatement and a gross valuation misstatement in violation of 26 U.S.C. § 6695A(a).

132. Section 6695A(a) imposes penalties for the appraisal of real property resulting in a substantial valuation misstatement (when the value of any property claimed is 150% or more of property's correct valuation (26 U.S.C. § 6662(e)) and a gross valuation misstatement (when the value of any property claimed is 200% or more of the property's correct valuation (26 U.S.C. § 6662(h)).

133. Andrew Bryant and Christopher Bryant prepared appraisals that included substantial and gross valuation misstatements, overstating the value of the real property which they knew, or reasonably should have known, would serve as the basis for claimed charitable deductions to the IRS.

134. In executing IRS Forms 8283 for their appraisals, Andrew Bryant and Christopher Bryant knew, or had reason to know, that the appraisals they prepared in connection with the abusive bargain sale transactions would be used with respect to a federal tax matter.

135. By violating 26 U.S.C. § 6695A, Andrew Bryant and Christopher Bryant engaged in conduct that interferes with the enforcement of the internal revenue laws.

136. By appraising property for federal tax purposes, Andrew Bryant and Christopher Bryant are subject to regulations for practice before the Department of Treasury issued under 31 U.S.C. § 330.

137. Andrew Bryant and Christopher Bryant prepared appraisals that resulted in substantial and gross value misstatements, relied on inappropriate and unsupported "extraordinary assumptions," failed to meet the requirements for completing a "qualified appraisal," and they knew, or reasonably should have known, their appraisals contained inflated statements of value.

138. Through this conduct, Andrew Bryant and Christopher Bryant violated their obligations of diligence as to accuracy and obligations of competence by providing false or misleading information to the IRS in the form of the inflated appraisals.

**HARM TO THE GOVERNMENT AND THE PUBLIC**

139. Defendants' abusive bargain sale transactions have harmed and continue to harm the United States Treasury and the public.

140. Because of these abusive bargain sale transactions, the IRS has expended significant resources auditing the real or purported charities involved and the taxpayers who have claimed large and unwarranted charitable deductions due to bargain sales.

141. Since 2014, Defendants have organized and promoted 99 bargain sale transactions. IRS audits of dozens of these transactions show that, on average for each tax return examined, Defendants have caused an estimated average tax loss of $504,391. If that figure is multiplied across Defendants' known customer base, the total tax harm attributable to Defendants' abusive bargain sale transactions could be as much as $46 million.

142. Participants in these abusive bargain sale transactions are harmed because they are liable for any unpaid tax, plus interest and penalties, after having participated in a tax-motivated real estate transaction that failed to deliver the promised tax benefits.

143. Defendants' activities undermine public confidence in the fairness of the federal tax system and incite non-compliance with the internal revenue laws.

144. Defendants' activities inspire contempt for the system of honest, voluntary income tax reporting.

145. Defendants continue to promote their abusive bargain sale transactions and/or are in a position to continue to promote them.

146. Without an injunction, the United States will suffer irreparable harm from the underpayment of tax liabilities and the exhaustion of resources to enforce

the internal revenue laws.

147. Without an injunction, the United States will suffer irreparable harm with no adequate legal remedy.

148. An injunction prohibiting Defendants from organizing, selling, promoting, and making statements about abusive bargain sale transactions is necessary and appropriate to stop their unlawful practices. The resulting harm to Defendants from being enjoined pales in comparison to the harm they have caused to the United States. Prohibiting Defendants from further promoting their abusive bargain sale transactions is appropriate and commensurate with their consistent practice of flouting the internal revenue laws and regulations.

## COUNT I: PERMANENT INJUNCTION AGAINST JOSEPH D. JOHNSON UNDER 26 U.S.C. § 7408

149. The abusive bargain sale transactions described in this Complaint constitute a plan or arrangement within the meaning of 26 U.S.C. § 6700.

150. Johnson organized and sold the abusive bargain sale transactions described in this Complaint to more than 190 customers.

151. Johnson made and furnished (or caused others to make and furnish) false statements regarding the allowability of a deduction or credit, the excludability of any income, or the securing of any other tax benefit by reason of participating in abusive bargain sale transactions.

152. Johnson knew or had reason to know that his statements were false within the meaning of 26 U.S.C. § 6700(a)(2)(A).

153. Johnson made and furnished (or caused others to make and furnish) gross valuation overstatements within the meaning of 26 U.S.C. § 6700(a)(2)(B).

154. Johnson has engaged in conduct – including but not limited to the conduct described in this Complaint – that is subject to penalty under 26 U.S.C. § 6700, and an injunction under 26 U.S.C. § 7408 is appropriate to prevent recurrence of such conduct.

155. If Johnson is not enjoined, he is likely to continue to promote abusive bargain sale transactions.

156. Johnson's conduct has caused irreparable harm to the United States.

157. Johnson's conduct has caused and is causing substantial revenue loss to the United States' Treasury, much of which may be unrecoverable.

**COUNT II: PERMANENT INJUNCTION AGAINST JOSEPH D. JOHNSON UNDER 26 U.S.C. § 7402(a)**

158. Johnson, personally, and through his employees and representatives, made and continues to make false or fraudulent statements regarding facts applicable to material matters under the internal revenue laws, and facilitates and continues to facilitate taxpayer claims for false and inflated charitable deductions. These actions constitute conduct that has substantially interfered, and continues to substantially interfere, with the enforcement of the internal revenue laws.

159. Unless enjoined, Johnson is in a position to, and likely will, continue to engage in such unlawful conduct and to interfere in the enforcement of the internal revenue laws.

160. The United States will suffer irreparable injury if Johnson is not enjoined.

161. Enjoining Johnson is in the public interest because an injunction, backed by the Court's contempt powers if needed, will stop Johnson's abusive conduct and the harm it causes the United States.

162. The requested injunction against Johnson is necessary or appropriate to stop his unlawful conduct, and this Court should impose such relief under 26 U.S.C. § 7402(a).

## COUNT III: PERMANENT INJUNCTION AGAINST ANDREW BRYANT UNDER 26 U.S.C. § 7408

163. The abusive bargain sale transactions described in this Complaint constitute a plan or arrangement within the meaning of 26 U.S.C. § 6700.

164. Andrew Bryant aided in the organization and promotion of abusive bargain sale transactions to as many as 99 customers.

165. Andrew Bryant made and furnished (or caused others to make and furnish) false statements regarding the allowability of a deduction or credit, the excludability of any income, or the securing of any other tax benefit by reason of participating in abusive bargain sale transactions.

166. Andrew Bryant knew or had reason to know that his statements were false within the meaning of 26 U.S.C. § 6700(a)(2)(A).

167. Andrew Bryant made and furnished (or caused others to make and furnish) gross valuation overstatements within the meaning of 26 U.S.C.

§ 6700(a)(2)(B).

168. Andrew Bryant practices before the Internal Revenue Service in providing appraisals for federal tax purposes. His appraisals violate duties of diligence and competence required under regulations issued under 31 U.S.C. § 330, including, but not limited to, 31 C.F.R. §§ 10.22 & 10.35.

169. If Andrew Bryant is not enjoined, he is likely to continue to promote abusive bargain sale transactions, acting personally or through an agent.

170. Andrew Bryant's conduct has caused irreparable harm to the United States.

171. Andrew Bryant's conduct has caused and is causing substantial revenue loss to the United States Treasury, much of which may be unrecoverable.

172. Due to Andrew Bryant's long-term involvement in abusive bargain sale transactions and the large volume of inflated appraisals, injunctive relief is appropriate to prevent recurrence of his conduct subject to penalty under 26 U.S.C. § 6700 and in violation of regulations under 31 U.S.C. § 330.

## COUNT IV: PERMANENT INJUNCTION AGAINST ANDREW BRYANT UNDER 26 U.S.C. § 7402(a)

173. Andrew Bryant made and continues to make false or fraudulent statements regarding facts applicable to material matters under the internal revenue laws, and facilitates and continues to facilitate taxpayer claims for false and inflated charitable deductions. Andrew Bryant has provided substantial and gross valuation misstatements of real property value in violation of 26 U.S.C. § 6695A. These actions

constitute conduct that has substantially interfered, and continues to substantially interfere, with the enforcement of the internal revenue laws.

174. Unless enjoined, Andrew Bryant is in a position to, and likely will, continue to engage in such unlawful conduct and to interfere in the enforcement of the internal revenue laws.

175. The United States will suffer irreparable injury if Andrew Bryant is not enjoined.

176. Enjoining Andrew Bryant is in the public interest because an injunction, backed by the Court's contempt powers if needed, will stop Andrew Bryant's abusive conduct and the harm it causes the United States.

177. The requested injunction against Andrew Bryant is necessary and appropriate to stop his unlawful conduct and this Court should impose such relief under § 7402(a).

## COUNT V: PERMANENT INJUNCTION AGAINST CHRISTOPHER BRYANT UNDER 26 U.S.C. § 7408

178. The abusive bargain sale transactions described in this Complaint constitute a plan or arrangement within the meaning of 26 U.S.C. § 6700.

179. Christopher Bryant aided in the organization and promotion of abusive bargain sale transactions to as many as 99 customers.

180. Christopher Bryant made and furnished (or caused others to make and furnish) false statements regarding the allowability of a deduction or credit, the excludability of any income, or the securing of any other tax benefit by reason of

participating in abusive bargain sale transactions.

181. Christopher Bryant knew or had reason to know that his statements were false within the meaning of 26 U.S.C. § 6700(a)(2)(A).

182. Christopher Bryant made and furnished (or caused others to make and furnish) gross valuation overstatements within the meaning of 26 U.S.C. § 6700(a)(2)(B).

183. Christopher Bryant practices before the Internal Revenue Service in providing appraisals for federal tax purposes. His appraisals violate duties of diligence and competence required under regulations issued under 31 U.S.C. § 330, including, but not limited to, 31 C.F.R. §§ 10.22 & 10.35.

184. If Christopher Bryant is not enjoined, he is likely to continue to promote abusive bargain sale transactions, acting personally or through an agent.

185. Christopher Bryant's conduct has caused irreparable harm to the United States.

186. Christopher Bryant's conduct has caused and is causing substantial revenue loss to the United States Treasury, much of which may be unrecoverable.

187. Due to Christopher Bryant's long-term involvement in abusive bargain sale transactions and the large volume of inflated appraisals, injunctive relief is appropriate to prevent recurrence of his conduct subject to penalty under 26 U.S.C. § 6700 and in violation of regulations under 31 U.S.C. § 330.

## COUNT VI: PERMANENT INJUNCTION AGAINST CHRISTOPHER BRYANT UNDER 26 U.S.C. § 7402(a)

188. Christopher Bryant made and continues to make false or fraudulent statements regarding facts applicable to material matters under the internal revenue laws, and facilitates and continues to facilitate taxpayer claims for false and inflated charitable deductions. Christopher Bryant has provided substantial and gross valuation misstatements of real property value in violation of 26 U.S.C. § 6695A. These actions constitute conduct that has substantially interfered, and continues to substantially interfere, with the enforcement of the internal revenue laws.

189. Unless enjoined, Christopher Bryant is in a position to, and likely will, continue to engage in such unlawful conduct and to interfere in the enforcement of the internal revenue laws.

190. The United States will suffer irreparable injury if Christopher Bryant is not enjoined.

191. Enjoining Christopher Bryant is in the public interest because an injunction, backed by the Court's contempt powers if needed, will stop Christopher Bryant's abusive conduct and the harm it causes the United States.

192. The requested injunction against Christopher Bryant is necessary and appropriate to stop his unlaw conduct and this Court should impose such relief under § 7402(a)

## RELIEF SOUGHT

**WHEREFORE**, on Counts I & II against **Joseph D. Johnson**, the United

States of America respectfully requests the following relief:

A. That this Court find that Joseph D. Johnson has engaged in conduct subject to penalty under 26 U.S.C. § 6700 and that injunctive relief under 26 U.S.C. § 7408 is appropriate to prevent recurrence of that conduct.

B. That this Court find that Joseph D. Johnson has engaged in conduct interfering with the administration and enforcement of the internal revenue laws and that injunctive relief under 26 U.S.C. § 7402(a) is necessary and appropriate to prevent recurrence of that conduct.

C. That this Court, pursuant to 26 U.S.C. §§ 7402 and 7408, enter a permanent injunction prohibiting Joseph D. Johnson from, directly or indirectly:

1. Organizing, promoting, or selling (or assisting others in organizing, promoting, or selling) bargain sale transactions, or any other plan or arrangement that involves the claiming of charitable contribution deductions based on the purported value of donated real property;

2. Participating (directly or indirectly) in bargain sale transactions, or any other plan or arrangement that involves the claiming of charitable contribution deductions based on the purported value of donated real property;

3. Making or furnishing (or causing another to make or furnish) a statement, in exchange for compensation, about the allowability of any tax deduction or credit, the excludability of any income, or the securing of any

other tax benefit, as a result of participating in bargain sale transactions, or any other plan or arrangement that involves the claiming of charitable contribution deductions based on the purported value of donated real property;

4. Making or furnishing (or causing another to make or furnish) gross value overstatements as a result of participating in bargain sale transactions, or any other plan or arrangement that involves the claiming of charitable contribution deductions based on the purported value of donated real property;

5. Preparing (or assisting others in preparing) any federal tax return, or any document that may be filed in support of a tax return or other submission to the IRS claiming tax benefits resulting from participating in bargain sale transactions, or any other plan or arrangement that involves the claiming of charitable contribution deductions based on the purported value of donated real property;

6. Preparing (or assisting in the preparation of) any appraisal that is intended or purports to be a "qualified appraisal" within the meaning of 26 U.S.C. § 170(f)(11)(E);

7. Encouraging or advising (or assisting others in encouraging or advising) others to claim charitable contribution deductions on any federal tax return.

D. That this Court, pursuant to 26 U.S.C. § 7402, order Joseph D. Johnson, by February 28th each year for each of the next 5 years, sign a declaration under penalty of perjury affirming that he has not engaged in any of the conduct identified in paragraph C., above, during the prior calendar year. Joseph D. Johnson shall send that declaration to the following two recipients at the following addresses (unless notified of new addresses):

Internal Revenue Service
Lead Development Center
25520 Commercentre Drive
Mail Stop 5040
Lake Forest, CA 92630

Department of Justice, Tax Division
Chief, Civil Trial Section, Central Region
P.O. Box 7238
Ben Franklin Station
Washington, D.C. 20044

E. That this Court, pursuant to 26 U.S.C. § 7402, enter an Order requiring Joseph D. Johnson to, within 30 days of entry of judgment in this case:

1. Produce to counsel for the United States a complete list of tax-exempt charitable organizations for which Joseph D. Johnson currently serves as a board member, executive officer, or advises in any capacity. The list shall be in the form of an Excel spreadsheet, and shall include the name of the organization, the organization's address, the organization's tax identification number, and the names, addresses, and email addresses of the organization's current board members and/or executive officers;

2. Send, by mail or email at the expense of Joseph D. Johnson, a copy of the judgment in this case to each organization and individual identified in paragraph E.1., above. The mailings may include a cover letter, but such letter must be in a form either agreed to by counsel for the United States or approved by this Court, and shall not include any other documents or enclosures, unless agreed to by counsel for the United States or approved by this Court;

3. Produce to counsel for the United States a complete list of all individuals or entities for whom Johnson, or the entities he owned or controlled, facilitated a bargain sale transaction since 2020. The list shall be in the form of an Excel spreadsheet, and shall include each such individual's or entity's name, address, email address, phone number, and Social Security or tax identification number;

4. Send, by mail or email at the expense of Joseph D. Johnson, a copy of the judgment in this case to each individual or entity identified in paragraph E.3., above. The mailings may include a cover letter, but such letter must be in a form either agreed to by counsel for the United States or approved by this Court, and shall not include any other documents or enclosures, unless agreed to by counsel for the United States or approved by this Court;

5. Provide a copy of the judgment in this case to all of Joseph D. Johnson's employees and independent contractors, and provide to counsel

for the United States a signed and dated acknowledgment of receipt for each person who was provided such a copy. Except for the judgment in this case, no additional materials may be included in the notification to the employees and independent contractors, unless approved by counsel for the United States or approved by this Court;

6. Prominently display the judgment in this case on the front page of all websites that Joseph D. Johnson controls or maintains and that reference federal taxes, and continue to display it for the next 5 years;

7. Remove all videos and blogs that Joseph D. Johnson used, or has used, to promote or sell bargain sale transactions.

F. That this Court, pursuant to 26 U.S.C. § 7402, order Joseph D. Johnson to file with the Court, within 45 days of entry of judgment in this case, a certification signed under the penalty of perjury that he has complied with paragraph E., above.

G. That this Court prohibit Joseph D. Johnson from making any statements, written or oral, or cause or encourage others to make any statements, written or oral, that misrepresent any of the terms of the judgment in this case.

H. That this Court permit the United States to engage in post-judgment discovery to ensure and monitor compliance with the judgment in this case.

I. That this Court retain jurisdiction over this action for the purpose of implementing and enforcing the judgment in this case.

J. That this Court, pursuant to Fed. R. Civ. P. 65(d)(2), order that entry of the judgment in this case binds the following who receive actual notice of it by personal service or otherwise: (i) Defendant Joseph D. Johnson; (ii) the officers, agents, servants, employees, and attorneys of Joseph D. Johnson, including but not limited to Johnson's officers, agents, servants, and employees at The Welfont Companies, Inc.; and, (iii) other persons who are in active concert or participation with anyone described in (i) and (ii) above.

K. That this Court grant the United States such other and further relief as the Court deems appropriate.

**WHEREFORE**, on Counts III & IV against **Andrew Bryant** and Counts V & VI against **Christopher Bryant**, the United States of America respectfully requests the following relief:

A. That this Court find that Andrew Bryant and Christopher Bryant have engaged in conduct subject to penalty under 26 U.S.C. § 6700 and that injunctive relief under 26 U.S.C. § 7408 is appropriate to prevent recurrence of that conduct.

B. That this Court find that Andrew Bryant and Christopher Bryant have engaged in conduct in violation of regulations issued under 31 U.S.C. § 330 and that injunctive relief under 26 U.S.C. § 7408 is appropriate to prevent recurrence of that conduct.

C. That this Court find that Andrew Bryant and Christopher Bryant have engaged in conduct interfering with the administration and enforcement of the internal revenue laws, including, but not limited to violations of 26 U.S.C. § 6695A, and that injunctive relief under 26 U.S.C. § 7402(a) is necessary and appropriate to prevent recurrence of that conduct.

D. That this Court, pursuant to 26 U.S.C. §§ 7402 and 7408, enter a permanent injunction prohibiting Andrew Bryant and Christopher Bryant from, directly or indirectly:

1. Organizing, promoting, or selling (or assisting others in organizing, promoting, or selling) bargain sale transactions, or any other plan or arrangement that involves the claiming of charitable contribution deductions based on the purported value of donated real property;

2. Participating (directly or indirectly) in bargain sale transactions, or any other plan or arrangement that involves the claiming of charitable contribution deductions based on the purported value of donated real property;

3. Making or furnishing (or causing another to make or furnish) a statement, in exchange for compensation, about the allowability of any tax deduction or credit, the excludability of any income, or the securing of any other tax benefit, as a result of participating in bargain sale transactions, or any other plan or arrangement that involves the claiming of charitable contribution deductions based on the purported value of donated real property;

4. Making or furnishing (or causing another to make or furnish) gross value overstatements as a result of participating in bargain sale transactions, or any other plan or arrangement that involves the claiming of charitable contribution deductions based on the purported value of donated real property;

5. Preparing (or assisting others in preparing) any federal tax return, or any document that may be filed in support of a tax return or other submission to the IRS claiming tax benefits resulting from participating in bargain sale transactions, or any other plan or arrangement that involves the claiming of charitable contribution deductions based on the purported value of donated real property;

6. Preparing (or assisting in the preparation of) any appraisal that is intended or purports to be a "qualified appraisal" within the meaning of 26 U.S.C. § 170(f)(11)(E);

7. Encouraging or advising (or assisting others in encouraging or advising) others to claim charitable contribution deductions on any federal tax return.

E. That this Court, pursuant to 26 U.S.C. § 7402, order Andrew Bryant and Christopher Bryant, by February 28th each year for each of the next 5 years, sign a declaration under penalty of perjury affirming that they have not engaged in any of the conduct identified in paragraph D., above, during the prior calendar year. Andrew Bryant and Christopher Bryant shall send that declaration to the following two recipients at the following addresses (unless notified of new addresses):

Internal Revenue Service
Lead Development Center
25520 Commercentre Drive
Mail Stop 5040
Lake Forest, CA 92630

Department of Justice, Tax Division
Chief, Civil Trial Section, Central Region
P.O. Box 7238
Ben Franklin Station
Washington, D.C. 20044

F. That this Court, pursuant to 26 U.S.C. § 7402, enter an Order requiring Andrew Bryant and Christopher Bryant to, within 30 days of entry of judgment in this case:

1. Produce to counsel for the United States a complete list of all individuals or entities, since 2020, for whom they prepared an appraisal report to be used in connection with federal taxes and/or executed IRS Form 8283. The list shall be in the form of an Excel spreadsheet, and shall include each such individual's or entity's name, address, email address, phone number, and Social Security or tax identification number;

2. Send, by mail or email at the expense of Andrew Bryant and Christopher Bryant, a copy of the judgment in this case to each individual or entity identified in paragraph F.1., above. The mailings may include a cover letter, but such letter must be in a form either agreed to by counsel for the United States or approved by this Court, and shall not include any

other documents or enclosures, unless agreed to by counsel for the United States or approved by this Court;

3. Provide a copy of the judgment in this case to all of Andrew Bryant's and Christopher Bryant's employees and independent contractors, and provide to counsel for the United States a signed and dated acknowledgment of receipt for each person who was provided such a copy. Except for the judgment in this case, no additional materials may be included in the notification to the employees and independent contractors, unless approved by counsel for the United States or approved by this Court;

4. Prominently display the judgment in this case on the front page of all websites that Andrew Bryant and Christopher Bryant control or maintain and that reference the provision of professional appraisal services, and continue to display it for the next 5 years.

G. That this Court, pursuant to 26 U.S.C. § 7402, order Andrew Bryant and Christopher Bryant to file with the Court, within 45 days of entry of judgment in this case, a certification signed under the penalty of perjury that each has complied with paragraph F., above.

H. That this Court prohibit Andrew Bryant and Christopher Bryant from making any statements, written or oral, or cause or encourage others to make any statements, written or oral, that misrepresent any of the terms of the judgment in this case.

I. That this Court permit the United States to engage in post-judgment discovery to ensure and monitor compliance with the judgment in this case.

J. That this Court retain jurisdiction over this action for the purpose of implementing and enforcing the judgment in this case.

K. That this Court, pursuant to Fed. R. Civ. P. 65(d)(2), order that entry of the judgment in this case binds the following who receive actual notice of it by personal service or otherwise: (i) Defendants Andrew Bryant and Christopher Bryant; (ii) the officers, agents, servants, employees, and attorneys of Andrew Bryant and Christopher Bryant, including but not limited to the officers, agents, servants, and employees at Bryant Asset Advisors; and, (iii) other persons who are in active concert or participation with anyone described in (i) and (ii) above.

L. That this Court grant the United States such other and further relief as the Court deems appropriate.

Dated: August 5, 2025

/s/ Richard G. Rose
RICHARD G. ROSE
District of Columbia Bar No. 493454
ALLISON RICE
District of Columbia Bar No. 1671160
CHRISTOPHER RAJOTTE
Florida Bar No. 107742
Trial Attorneys
Tax Division
U.S. Department of Justice
P.O. Box 7238
Washington, D.C. 20044
(202) 616-2032
richard.g.rose@usdoj.gov