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**IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF CALIFORNIA**

IN THE MATTER OF TAX LIABILITIES)

OF: JOHN DOES,)

Case No. CV-05-04167-JW

**STIPULATION AND [PROPOSED]
ORDER ENFORCING JOHN DOE
SUMMONS**

Petitioner, the United States of America, and PayPal, Inc. ("PayPal") (collectively, the "Parties"), through their counsel, stipulate as follows:

WHEREAS, the Internal Revenue Service ("IRS") petitioned this Court pursuant to sections 7609(f) and (h) of the Internal Revenue Code of 1986, 26 U.S.C. § 7609(f) and (h), for leave to serve a "John Doe" summons on PayPal;

WHEREAS, on March 21, 2006, upon consideration of the IRS petition and supporting affidavit, this Court determined *inter alia* that the IRS had reason to believe that certain PayPal

customers may have failed to properly report their income and accordingly entered an *ex parte* Order granting leave for the IRS to serve the John Doe summons upon PayPal (the “March 21, 2006 Order”),

WHEREAS, the IRS subsequently served the summons on PayPal;

WHEREAS, PayPal refused to produce the summonsed information because (i) PayPal believed that certain demands in the summons exceeded the limits of 26 U.S.C. § 7609; and (ii) PayPal will produce the information only upon being compelled by valid court order;

WHEREAS, PayPal and the IRS have met and extensively discussed and negotiated the scope of the summons; and

WHEREAS, the Parties have agreed that PayPal shall be compelled to comply with the summons pursuant to the Court’s Order as set forth below and in **Attachment A**.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED:

Subject to the Court’s approval, an Order Enforcing Summons in the form attached hereto shall be filed and entered by the Court.

IT IS SO STIPULATED BY AND AMONG THE PARTIES.

Dated: July 31, 2007

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9 **NORTHERN DISTRICT OF CALIFORNIA**

10 IN THE MATTER OF TAX LIABILITIES) **Case No. CV-05-04167-JW**
11 OF: JOHN DOES,)
12) **[PROPOSED] ORDER ENFORCING**
13) **JOHN DOE SUMMONS**
14)

15 1. PayPal is hereby ordered to produce to the Internal Revenue Service, at such time
16 and place as may hereafter be determined by mutual agreement of the Parties, the information
17 specified below in Paragraph 3 of this Order for those PayPal accounts for which a PayPal user,
18 upon registration with PayPal, identified their originating country as the United States of
19 America (“U.S. accounts”) and which also meet the following criteria:

- 20 (a) any PayPal U.S. accounts for which any source or destination of account
21 funds at any time during the period January 1, 1999, through the date of
22 compliance with this Stipulated Order, was a payment card with a Bank
23 Identification Number (“BIN”) on the list provided to PayPal by the
24 Internal Revenue Service on October 4, 2006, as long as such payment
25 card number is not listed in Schedule B to the John Doe Summons
26 (provided in an electronic file to PayPal); or

(b) any PayPal U.S. accounts where the source or destination of account funds at any time during the period January 1, 1999, through the date of compliance with this Stipulated Order, was one of the payment cards attached to the John Doe Summons as Schedule A (provided in an electronic file to PayPal).

2. To the extent a PayPal U.S. account includes more than one payment card, and at least one of those payment cards is responsive to paragraph 1(a), above, and is not on Schedule B, PayPal shall produce the information specified in paragraph 3 of this Order.

3. PayPal is hereby ordered to produce to the IRS the information listed in **Attachment A** to this Order for each account identified pursuant to Paragraphs 1 and 2 of this Order.

4. PayPal is not compelled to provide the following information:

- (a) Any information related to PayPal accounts for which the PayPal user, upon opening the account, identified the user's originating jurisdiction as a country other than the United States ("non-U.S. accounts");
- (b) any notes or correspondence that users of PayPal's "send money" service are permitted to include with money transfers;
- (c) any information not included in Paragraph 3 above.

IT IS SO ORDERED.

Dated: _____, 2007

JAMES WARE
United States District Judge