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8 **IN THE UNITED STATES DISTRICT COURT FOR THE**
 9 **NORTHERN DISTRICT OF CALIFORNIA**
 10 **SAN JOSE DIVISION**

11 **SRWST, LP, MARKMEL, LLC, Tax**
 12 **Matters Partner, ALBERT PIMENTEL,**
 13 **Sole Member-Manager,**

13 **Plaintiffs,**

14 **vs.**

15 **UNITED STATES OF AMERICA,**

16 **Defendant.**

Case No. C-07-3816 JW

JOINT STATEMENT IN RESPONSE
TO THE ORDER TO SHOW CAUSE
RE: SETTLEMENT

ORDER VACATING ORDER TO
SHOW CAUSE RE: SETTLEMENT;
SETTING STATUS CONFERENCE

17 Plaintiffs SRWST, LP, MARKMEL, LLC, and Tax Matters Partner, Albert Pimentel, Sole
 18 Member-Manager, and defendant United States of America, by and through their respective counsel,
 19 hereby submit this Joint Statement in Response to the Order to Show Cause as required by the Court's
 20 Order to Show Cause re: Settlement filed on January 6, 2009 and show as follows:

21 1. The parties have come to an understanding as to the terms upon which a settlement may
 22 be effected in this case. The undersigned Department of Justice attorney has recommended that the
 23 proposed settlement be accepted and has forwarded the proposed settlement to the individuals with
 24 final settlement authority within the Department of Justice for their review. There are several layers of
 25 necessary review within the Department of Justice, however, regarding the proposed settlement of this
 26 case.

27 2. In addition, because the proposed settlement is in the nature of a global settlement
 28 which will not only affect the parties in the this case but also additional underlying individual
 taxpayers, the review of the proposed settlement involves a more lengthy process.

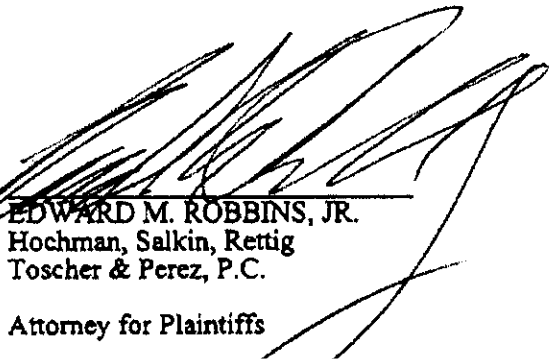
1 3. The parties anticipate that a settlement will ultimately be reached in this case but that it
2 will likely take approximately an additional 120 days for the individuals with final settlement authority
3 within the Department of Justice to complete their review of the proposed settlement.

4 4. The parties also believe that a stay of these proceedings will assist the parties in
5 expeditiously reaching a final settlement of all matters raised in the complaint and the global settlement
6 proposal and that the parties should file a joint status report every 90 days updating the Court as to the
7 status of the proposed settlement.

8 5. Therefore, the parties respectfully request that the Order to Show Cause Hearing set for
9 March 23, 2009 at 9:00 a.m. be stricken or continued for at least 120 days to allow the review process
10 with the Department of Justice to be completed.


11 6. In the event the Court requires additional information regarding the status of the parties'
12 settlement negotiations, the parties are prepared to participate in a telephonic conference call at the
13 Court's convenience.

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15 Respectfully submitted this 12th day of March, 2009.

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21 Hochman, Salkin, Rettig
22 Toscher & Perez, P.C.

23 Attorney for Plaintiffs

24 JOSEPH P. RUSSONIELLO
25 United States Attorney

26 
27 JEREMY N. HENDON
28 United States Department of Justice,
Tax Division

Attorneys for Defendant

29 *** ORDER ***

30 In light of the parties' representation regarding the status of their settlement efforts, the
31 Court finds good cause to VACATE the Order to Show Cause currently set for March 23,
32 2009. The Court sets a Status Conference re: Settlement for **June 29, 2009 at 10 a.m.** On
33 or before **June 19, 2009**, the parties shall file a Joint Status Report to update the Court of
34 their progress toward bringing this action to a close.

Dated: March 18, 2009


JAMES WARE
United States District Judge