INTERNAL REVENUE SERVICE

IRS News Release

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Bond Attorney Suspended for 24 Months

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WASHINGTON — The Internal Revenue Service has accepted an offer of consent to suspension from bond attorney Michael W. McCall. Under the terms of the settlement agreement, McCall will be suspended from practice before the IRS for at least 24 months for writing a false tax opinion. Thereafter, he may petition for reinstatement.

“Practitioners have a duty to their clients, the system, and the municipal finance bond community to ensure that the tax advice they are giving their clients complies with the law and is complete and accurate,” IRS Office of Professional Responsibility (OPR) Director Karen L. Hawkins said.

McCall was engaged by a state of Washington county municipal sewer district to act as co-bond counsel and special tax counsel to write an opinion as to the tax-exempt status of the district bonds issued in October 2000 and to perform due diligence with respect to certain transactional matters relating to the bond issuance. The district issued the bonds for its utility local improvement district for a proposed commercial development. The bonds were issued in violation of state law as the utility local improvement district was located outside of the sewer district boundaries. The bonds defaulted and have been determined to be invalid.

The OPR alleged that McCall’s opinion on the tax-exempt status of the district bonds was false under Circular 230, Section 10.51(j), and that McCall's opinion on certain transactional matters was also false under Section 10.51(j). In addition, the OPR alleged that McCall failed to perform due diligence under Circular 230, section 10.22, with respect to transactional matters related to the bond issuance, including an undisclosed payment to him from bond proceeds received by the developer.

Following an OPR investigation, McCall admitted to violations of Circular 230 for giving false opinions, knowingly, recklessly, or through gross incompetence (Treasury Department Circular 230, Section 10.51(j) (2000)), and for failing to exercise due diligence (Treasury Department Circular 230, Section 10.22 (2000)).

The settlement agreement included a disclosure authorization that allowed the IRS to issue this release.