

So Ordered.

Dated: September 15th, 2025



*Frederick P. Corbit*

Frederick P. Corbit  
Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON**

In re:

ROGER ANDREW  
STADTMUELLER,

Debtor.

ROGER ANDREW  
STADTMUELLER,

Plaintiff,

v.

UNITED STATES OF AMERICA, on  
behalf of the Internal Revenue Service,

Defendant.

Case No. 17-03545-FPC11

Adversary No. 20-80007-FPC

**FINAL ORDER RE: OBJECTION  
TO CLAIM**

**I. SUMMARY**

This final order resolves the Debtor's objection to the proof of claim filed by the Internal Revenue Service ("IRS"). The Court previously entered a Partial Order Re: Objection to Claim; Findings of Fact and Conclusions of Law ("Partial Order") on July 18, 2025. (ECF No. 209) The Partial Order required the parties to submit briefs computing the IRS's allowed claim in accordance with the Court's initial rulings. The parties submitted their computations briefs. (ECF Nos. 216, 219)

FINAL ORDER RE: OBJECTION TO CLAIM - 1

After the Court entered the Partial Order, Mr. Stadtmueller filed an appeal of the Partial Order—despite the interlocutory nature of the order. (ECF No. 210) On September 2, 2025, the parties stipulated to dismiss the appeal so this Court could finally resolve the matter. (E.D. Wash. Case No. 2:25-cv-00282-RLP, ECF No. 5)

This final order, together with the Partial Order, constitutes a complete resolution of this adversary action.

## **II. CLARIFICATIONS**

1. The Court incorporates the Partial Order findings of fact and conclusions of law into this order.
2. To ensure the parties properly understand the Partial Order and its effect, the Court will clarify several matters the parties raised in their computations briefs.

### ***General Clarifications***

3. First, the IRS claims that the Court “mistakenly” made a finding that the parties agreed on Mr. Stadtmueller’s allowable deductions. The IRS misconstrues the Court’s adoption of Mr. Stadtmueller’s concessions. The Court does not state in the Partial Order that the parties agreed to the concessions; rather, the Court adopted Mr. Stadtmueller’s concessions as findings of fact.

4. Second, the IRS claims the Court mistakenly held that the IRS did not assert penalties for Tax Year (“TY”) 2007 in its proof of claim. The comment the IRS is referring to is footnote 14 of the Partial Order, which provides:

The IRS asserts in its post-trial brief that Mr. Stadtmueller may owe taxes and penalties for tax year 2007. (AP ECF No. 192, p. 80) Because the IRS did not include 2007 in its proof of claim, the Court will not consider potential penalties for 2007 in this partial order. However, if in responding to this partial order penalties related to tax year 2007 are implicated, the parties should fully address that issue in their responsive briefs.

The Court’s footnote indicates *fraud penalties* were not included in the IRS’s proof of claim and therefore not asserted for TY 2007.<sup>1</sup> At trial the IRS did not argue fraud penalties should be assessed for TY 2007 (*see* paragraph 33, *infra*). The mere fact that the IRS asserted taxes were generally owed for TY 2007 is insufficient to impose specific penalties for that tax year, absent cogent argument and supporting evidence presented at trial. The Court is not persuaded that fraud penalties should be assessed for TY 2007 and maintains the propriety of footnote 14.

***Clarifications to I.R.C. § 6694(b) Penalties***

5. Regarding Internal Revenue Code (“I.R.C.”) § 6694(b) penalties for TY 2011-2013, the Court recognizes that some of the findings and conclusions may be confusingly worded. Specifically, the Partial Order refers to each penalty

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<sup>1</sup> As discussed in this order, the Court will provide an estimate of Mr. Stadtmueller’s taxes for TY 2007. *See* paragraph 34, *infra*.

as a “return” because each penalty assessed was based on specific taxpayers’ returns. However, in some instances, the Form 1040 tax return was missing or not offered into evidence at trial. Instead, the Court relied upon testimony from Mr. Stadtmueller and Mr. Martin to piece together the necessary information. Below is a list of tax years, the taxpayer, and the evidence relied upon by the Court with record cites:

| <u>Tax Year</u> | <u>Taxpayer(s)</u>  | <u>Evidence</u>        | <u>Record</u>          |
|-----------------|---------------------|------------------------|------------------------|
| 2011            | S.P. and S.J. Ellis | Exh. D19               | ECF No. 174, pp. 3-4   |
| 2011            | G. and L. Cirullo   | Martin Testimony       | ECF No. 174, p. 23     |
| 2011            | R. and J. Carlson   | Exh. D27               | ECF No. 174, pp. 3-4   |
| 2012            | S.P. and S.J. Ellis | Exh. D20               | ECF No. 174, pp. 3-4   |
| 2012            | G. and L. Cirullo   | Exh. D25               | ECF No. 174, pp. 3-4   |
| 2012            | R. and J. Carlson   | Stadtmueller Testimony | ECF No. 175, pp. 36-38 |
| 2013            | S.P. and S.J. Ellis | Exh. D21               | ECF No. 174, pp. 3-4   |
| 2013            | G. and L. Cirullo   | Exh. D26               | ECF No. 174, pp. 3-4   |
| 2013            | R. and J. Carlson   | Stadtmueller Testimony | ECF No. 175, pp. 36-38 |

6. Regarding the Carlson returns for TY 2012 and 2013, the Form 1040s were not introduced as exhibits. However, during his testimony at trial, Mr. Stadtmueller specifically admitted to making errors on the Carlson returns. Mr. Stadtmueller recalled that he included a “100 percent deduction” on the Carlson returns because of an error in his tax computation software. (ECF No. 175, p. 36, lines 12-23) Mr. Stadtmueller also admitted that the alleged error dated back to TY 2009, and that he never noticed the error because he was always comparing the previous year’s tax return to the current one to verify expenses. (*Id.* at p. 36-37)

Mr. Stadtmueller acknowledged the alleged software error occurred on the Carlson tax returns for TY 2012 and 2013. (*Id.* at p. 38, lines 10-14)

7. Mr. Stadtmueller's admissions align with Mr. Martin's testimony. Mr. Martin testified that he noticed the Carlson tax returns required an adjustment to schedule E depreciation expenses regarding the Carlson's rental property. Because the Carlson depreciation expense was included at 100%, Mr. Martin concluded the tax preparer (Mr. Stadtmueller) was reckless.<sup>2</sup> (ECF No. 174, pp. 27, 31)

8. Regarding the Cirullo tax return, Exhibit D24 (the Cirullo Form 1040 for TY 2011) was not admitted into evidence at trial. However, at trial, Mr. Martin was presented Exhibit D24 and recognized the document as being part of the TY 2011 Cirullo tax return. Mr. Martin testified that he reviewed the Cirullo return as part of his examination process in determining the penalties assessed against Mr. Stadtmueller. (ECF No. 174, p. 23, lines 6-13)

9. Additionally, Mr. Stadtmueller admitted in his trial testimony that the Cirullo tax returns from TY 2011 suffered the same issue as the Carlson returns—

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<sup>2</sup> "Q. [Ms. Tran] And why did you conclude that the tax preparer, Mr. Stadtmueller, took an unreasonable position, such that you recommended a 6694(b) penalty for the Carlsons for tax years 2011 to 2013?

A. [Mr. Martin] Because of the position -- again, based on -- on the explanation Ms. Rucker has presented here too, *that the preparer has taken a hundred-percent deduction for depreciation of the property, rather than a fractional amount of depreciation based upon the percentage usage for business for the Carlsons for the requisite years.* And it is a -- a preparer, particularly a CPA, *should have known that one is not entitled to a hundred-percent depreciation, that it is a proportionate depreciation.*" (ECF No. 174, p. 31, lines 10-22) (emphasis added)

that Mr. Stadtmueller had improperly included a 100% deduction for a rental property. (ECF No. 175, pp. 42-43)

***Clarifications to I.R.C. § 6695(f) Penalties for TY 2013 and 2014***

10. Voluminous evidence and testimony support the I.R.C. § 6695(f) penalties for TY 2013 and 2014. The only clarification the Court will make to this ruling is that the Court may rely on the deposition transcript of Mr. Stadtmueller pursuant to Civil Rule 32(a).

11. Civil Rule 32(a) permits a court to use a deposition transcript at trial so long as: (i) the deposed party was represented at the deposition or had reasonable notice of it; (ii) it is used to the extent admissible under the Federal Rules of Evidence; and (iii) no other reason for disallowance exists.

12. In the present case, Mr. Stadtmueller was represented by counsel at the deposition. Furthermore, none of the relevant material was objected to at trial or in the deposition. As a result, the deposition transcript is admissible under Civil Rule 32.

***Clarifications to “Married Filing Jointly” Status for TY 2006***

13. Mr. Stadtmueller asserts that the language of the Final Divorce Order was ambiguous and confusing, and as a result, the Court should not have relied on it to determine Mr. Stadtmueller’s tax filing status for TY 2006.

14. The Court is not persuaded that the Final Divorce Order’s language is confusing. The Final Divorce Order acknowledged that Mr. Stadtmueller filed amended returns as married filing separate, and excused Belinda Stadtmueller from signing the returns. The terms of the Final Divorce Order unambiguously required Mr. Stadtmueller to assume the couple’s tax debts for TY 2006. The Court relied upon the Final Divorce Order’s explicit conclusion.

15. Mr. Stadtmueller also alleged during his testimony at trial that he received an email from his attorney that the IRS would not accept a joint return that was unsigned by a spouse. (ECF No. 176, pp. 16-17) However, Mr. Stadtmueller failed to offer the email communication in its original form. *See* Fed. R. Evid. 1002 (“An original writing, recording, or photograph is required in order to prove its content unless these rules or a federal statute provides otherwise.”) Instead, Mr. Stadmueller only provided testimony that he received such an email. The Court finds the testimony not credible.

***Clarifications to I.R.C. § 6663(a) Penalties for TY 2008***

16. The clarification the Court will add to this ruling is the legal basis for relying on the criminal plea agreement and conviction. Courts have repeatedly found that a conviction for tax crimes is evidence of an underpayment and fraudulent intent, if not wholly dispositive. *See, e.g., Fabian v. Comm’r*, No. 25589-14, 2022 Tax Ct. Memo LEXIS 95 at \*57 (T.C. Sep. 13, 2022) (“A

taxpayer's conviction pursuant to section 7206(1) stops him or her from contesting that an underpayment exists for the years at issue in the criminal case.”). A conviction based on a plea agreement can bind the defendant in subsequent proceedings, even though the conviction was not based on a full trial, if the facts relevant to the subsequent action were necessarily decided in the guilty plea. *SEC v. Mogler*, 2020 U.S. Dist. LEXIS 38173, at \*21 (D. Ariz. Mar. 5, 2020).

17. Mr. Beringer's credible testimony supported his findings that Mr. Stadtmueller was properly assessed fraud penalties for TY 2008.

### **III. AGREED COMPUTATIONS**

18. The IRS's allowed claim includes three components: (i) a secured portion, which accounts for the I.R.C. §§ 6694(b) and 6695(f) penalties (plus interest) for TY 2011-2014; (ii) a priority unsecured portion, which includes income taxes (plus interest) Mr. Stadtmueller owes for TY 2008, 2009, 2010, 2013, 2014, 2015, and 2016; and (iii) a general unsecured portion, which includes fraud penalties (plus interest) under I.R.C. § 6663(a) for TY 2008, addition to tax under I.R.C. § 6651 for TY 2006, and assessed restitution for TY 2006-2008.

19. According to the computations briefs, the parties agree on the following two computations.

20. First, the parties agree that the IRS's secured claim is allowed at \$154,752.78, which includes interest up to the petition date.<sup>3</sup>

21. Second, the parties agree that the unsecured priority claims for income taxes owed for TY 2010, 2013, 2014, 2015, and 2016 total \$51,767.05.<sup>4</sup>

22. The agreed computations for the priority unsecured portion are summarized as follows:

| <u>Tax Year</u> | <u>Tax Due</u> | <u>Interest Due</u> <sup>5</sup> | <u>Total</u> |
|-----------------|----------------|----------------------------------|--------------|
| 2010            | \$0            | \$0                              | \$0          |
| 2013            | \$2,378        | \$280.02                         | \$2,658.02   |
| 2014            | \$36,749       | \$3,090.34                       | \$39,839.34  |
| 2015            | \$0            | \$0                              | \$0          |
| 2016            | \$9,215        | \$54.69                          | \$9,269.69   |

#### **IV. DISPUTED COMPUTATIONS**

23. The remaining disputed computations include: (i) the remainder of the unsecured priority portion; and (ii) the entirety of the general unsecured portion of the IRS's claim.

#### ***Unsecured Priority Claim***

24. The parties disagree on the amount Mr. Stadtmueller owes in income tax, and interest on the unpaid tax, for TY 2008 and 2009.

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<sup>3</sup> The petition date is December 8, 2017. (Case No. 17-03545-FPC11, ECF No. 1)

<sup>4</sup> Tax years 2008 and 2009 are disputed, which the Court discusses below.

<sup>5</sup> This is interest accrued up to the petition date.

25. The parties provided different calculations for the remainder of the unsecured priority portion. The differences in the calculations are attributable to disagreements about three matters: (i) Mr. Stadtmueller's failure to calculate interest owed on taxes; (ii) whether the unsecured priority claim for TY 2009 should be capped at \$106,053 because that is the amount listed on the IRS's proof of claim; and (iii) several of Mr. Stadtmueller's computations, including deductions for Zazz, Inc., passive real estate income losses, and fraud penalties for TY 2008.

26. First, Mr. Stadtmueller failed to calculate the interest owed for TY 2008 and 2009. Mr. Stadtmueller provided no legal authority to support a delay in calculating interest.

27. However, the parties agree that once the tax amount is determined, they will be able to calculate the interest due.<sup>6</sup> As a result, since the Court has determined the tax amount it need not calculate the interest amount.

28. Second, the IRS's proof of claim regarding tax due for TY 2009 was not capped at \$106,053. The proof of claim specifically provides that the tax assessed was "estimated" and that the amount listed was a "proposed deficiency"

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<sup>6</sup> According to Mr. Stadtmueller's reply to the IRS's computations brief, the only impediment to calculating the total amount of tax owed is the parties' disagreement on base tax owed. (ECF No. 225, p.7) He asserts that the parties "should be able to agree on the applicable interest." (*Id.*) Similarly, the IRS states in reply to Mr. Stadtmueller's computations brief that interest due "can easily be calculated under the applicable statutory rates" under I.R.C. §§ 6601, 6621, and 6622. (ECF No. 227, pp. 2-3)

subject to “final determination of examination of Debtor(s) tax return.” (POC No. 2-3, p. 5)

29. Third, the IRS disputed several of Mr. Stadtmueller’s computations. As discussed in the Partial Order, the Court adopted Mr. Stadtmueller’s conceded computations as findings of fact. Therefore, the Court will resolve the IRS’s disputes regarding Zazz’s deductions, passive real estate income losses, and fraud penalties under I.R.C. § 6663(a) in favor of Mr. Stadtmueller.

30. Accordingly, the remainder of the unsecured priority claim is computed as follows:

| <u>Tax Year</u> | <u>Tax Due</u> |
|-----------------|----------------|
| 2008            | \$2,404        |
| 2009            | \$130,354      |

***General Unsecured Claim***

31. The parties had many disagreements on the general unsecured portion of the claim.

32. First, the parties disputed whether the Court should assess a fraud penalty for TY 2007. The Court’s Partial Order left the issue of fraud penalties for TY 2007 undecided, since the IRS had argued in its post-trial brief that penalties may be appropriate for TY 2007.

33. However, after reviewing the parties’ computations briefs, the Court is not persuaded that fraud penalties should be assessed for TY 2007. The IRS

failed to provide the Court evidentiary support for TY 2007 penalties. Mr. Beringer, who provided the bulk of the testimony on the fraud penalties at trial, did not provide any testimony regarding TY 2007 or whether any penalties for TY 2007 were approved by a manager at the IRS. The IRS never presented persuasive argument that Mr. Stadtmueller should be subject to fraud penalties for TY 2007.<sup>7</sup>

34. Second, the parties disagree on the computations for passive real estate losses. As discussed, the Court will construe this issue in favor of Mr. Stadtmueller. Accordingly, the Court determines that the base tax due for TY 2006-2008 is as follows:

| <u>Tax Year</u> | <u>Tax Due</u> |
|-----------------|----------------|
| 2006            | \$51,507       |
| 2007            | \$60,069       |
| 2008            | \$2,404        |

35. Third, the parties disagree on the I.R.C. § 6651 addition to tax for TY 2006. The parties agree that the multiplier is 25%, but disagree on base tax due. Based on the Court's finding outlined above, the base tax due for TY 2006 is \$51,507. Therefore, the I.R.C. § 6651 addition to tax for TY 2006 should be \$12,876, which is 25% of the base tax due.

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<sup>7</sup> The IRS is again asking this Court to “connect the dots” with the available evidence to substantiate fraud penalties for TY 2007. However, the Court views this not as connecting dots but as a request to the Court to fill in substantial blanks in the IRS's presentation of evidence. The Court declines to do the IRS's work.

36. Fourth, the parties disagree on the I.R.C. § 6663 fraud penalties for TY 2008. The parties agree that the calculation method is 75% of the underpayment, but they again disagree on base tax due. Based on the Court's finding above, the base tax due for TY 2008 is \$2,404. Accordingly, the I.R.C. § 6663 fraud penalty for TY 2008 should be \$1,803, which is 75% of the base tax due.

37. Fifth, the parties disagree on interest owed because Mr. Stadtmueller failed to provide a calculation of interest. Again, the Court will include general references to interest here. *See* para. 27, *supra*.

38. Therefore, in light of the disputes resolved above, the Court calculates the general unsecured claim as follows:

| <u>Tax Year</u> | <u>Tax Due</u> | <u>Penalties</u>      | <u>Total</u>        |
|-----------------|----------------|-----------------------|---------------------|
| 2006            | \$51,507       | \$12,876 <sup>8</sup> | \$64,383 + interest |
| 2007            | \$60,069       | n/a                   | \$60,069 + interest |
| 2008            | \$2,404        | \$1,803 <sup>9</sup>  | \$4,207 + interest  |

## **V. CONCLUSION**

39. Accordingly, the IRS's allowed claim shall be calculated as follows.

40. The secured portion is \$154,752.78, which includes interest up to the petition date.

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<sup>8</sup> Addition to tax under I.R.C. § 6651.

<sup>9</sup> Fraud penalty under I.R.C. § 6663(a).

41. The priority unsecured portion is \$184,525.05 plus interest for TY 2008 and 2009 only, based on the following computations:

| <u>Tax Year</u> | <u>Tax Due</u> | <u>Interest Due</u> | <u>Total</u>  |
|-----------------|----------------|---------------------|---|
| 2008            | \$2,404        | TBD                 | \$2,404 + interest                                  |
| 2009            | \$130,354      | TBD                 | \$130,354 + interest                                |
| 2010            | \$0            | \$0                 | \$0   |
| 2013            | \$2,378        | \$280.02            | \$2,658.02  |
| 2014            | \$36,749       | \$3,090.34          | \$39,839.34   |
| 2015            | \$0            | \$0                 | \$0   |
| 2016            | \$9,215        | \$54.69             | \$9,269.69  |
| <i>ALL TY</i>   |                |                     | <i>\$184,525.05 + interest for TY 2008 and 2009</i> |

42. The general unsecured portion of the debt is \$128,659 plus interest, based on the following computations:

| <u>Tax Year</u> | <u>Tax Due</u> | <u>Penalties</u> | <u>Total</u>                |
|-----------------|----------------|------------------|-----------------------------|
| 2006            | \$51,507       | \$12,876         | \$64,383 + interest         |
| 2007            | \$60,069       | n/a              | \$60,069 + interest         |
| 2008            | \$2,404        | \$1,803          | \$4,207 + interest          |
| <i>ALL TY</i>   |                |                  | <i>\$128,659 + interest</i> |

43. Accordingly, the IRS's claim shall be allowed at \$467,936.83 plus interest for the penalties and unpaid taxes described in this Order.

## **VI. ORDER**<sup>10</sup>

Based on the foregoing,

**IT IS ORDERED:**

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<sup>10</sup> This has been a long and drawn-out case that presented many complicated issues. In the event either (or both) of the parties are confused by this order, the Court would be willing to hear a request for clarification.

1. The Debtor's Objection to Proof of Claim No. 2 is **GRANTED IN PART and OVERRULED IN PART** as described in the Partial Order; and

2. The IRS's proof of claim is allowed in the amount of \$467,936.83.<sup>11</sup>  
This amount includes:

- a. Secured claim of \$154,752.78, which includes interest up to the petition date;
- b. Unsecured priority claim of \$184,525.05, which includes calculated interest for 2010, 2013, 2014, 2015, and 2016, but does not include interest due and owing for 2008 and 2009; and
- c. General unsecured claim of \$128,659 plus interest on all tax years.

///End of Order///

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<sup>11</sup> This amount is not the total owed. As discussed above, the claim also includes additional interest that the parties have agreed they can calculate. *See* paragraph 27, *supra*.