

STATE OF MINNESOTA  
IN SUPREME COURT  
C1-92-1003

OFFICE OF  
APPELLATE COURTS

JUN 24 1992

FILED

In Re the Petition for Disciplinary Action  
against Stephen B. Scallen, an Attorney at  
Law of the State of Minnesota.

RECEIVED

JUN 26 1992

LAWYERS PROF. RESP. BOARD

ORDER

The Director of the Office of Lawyers Professional Responsibility filed a petition with this Court alleging that the respondent Stephen B. Scallen has committed professional misconduct warranting public discipline. In the petition, the Director alleges that respondent committed civil tax fraud, as found by the United States Tax Court. The United States Tax Court determined that respondent owed civil fraud penalties with respect to the underpayment of federal income tax for tax years 1976, 1977, 1979, and 1981. See Scallen v. Commissioner, No. 6913-85 (Aug. 24, 1987) (published at 54 T.C.M. (CCH) 177 (1987)); and Scallen v. Commissioner, No. 6913-85 (May 26, 1988). In 1989, the United States Court of Appeals for the Eighth Circuit affirmed the Tax Court's determination of fraud. Scallen v. Commissioner, 877 F.2d 1364 (8th Cir. 1989). The Internal Revenue Service has not assessed fraud penalties against respondent for tax years after 1981.

Along with the petition, the Director filed a stipulation for discipline between the respondent and the Director. In the stipulation, the respondent waived all of his procedural rights to hearings as provided in Rule 10(a), Rule 9 and Rule 14, Rules on Lawyers Professional Responsibility. Respondent also waived his right to interpose an

answer and acknowledged that, by waiving that right, he is deemed to have admitted unconditionally all of the allegations of the petition against him. Respondent joined with the Director in recommending that appropriate discipline pursuant to Rule 15, Rules on Lawyers Professional Responsibility, is a public reprimand. Respondent further agreed to the imposition and payment of \$750 in costs pursuant to Rule 24, Rules on Lawyers Professional Responsibility.

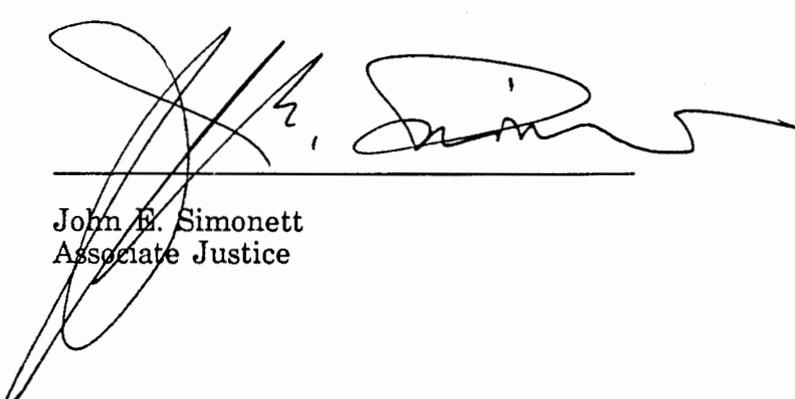
The Court, having considered all of the facts and circumstances surrounding this matter, the petition of the Director, and the stipulation of the parties, NOW ORDERS:

1. That the respondent, Stephen B. Scallen, hereby is publicly reprimanded pursuant to Rule 15, Rules on Lawyers Professional Responsibility.

2. That the respondent shall pay to the Director the sum of \$750 in costs and disbursements pursuant to Rule 24, Rules on Lawyers Professional Responsibility.

Dated: June 23, 1992.

BY THE COURT:

  
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John E. Simonett  
Associate Justice