ORIGINAL

No. 26-552

IN THE SUPREME COURT OF THE UNITED STATES

DON HOU,

Petitioner,

v.

COMMISSIONER OF INTERNAL REVENUE,

Respondent.

FILED
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OFFICE OF THE CLERK
SUPREME COURT, U.S.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Congress enacted 26 U.S.C. § 7623 to ensure that whistleblowers who provide specific information leading to the collection of unpaid taxes receive mandatory awards. Section 7623(c) defines the scope of "collected proceeds" and expands award eligibility, including proceeds paid by related taxpayers and public companies. The courts below upheld the denial of a whistleblower award by adopting extra-textual limitations that Congress did not enact.

The questions presented are:

1. **Whether courts may narrow the mandatory whistleblower award provisions of 26 U.S.C. § 7623(b) by disregarding § 7623(c), contrary to the statutory text and Congress's directive that qualifying whistleblowers "shall" receive awards.**

2. **Whether "collected proceeds" under 26 U.S.C. § 7623(b) and § 7623(c) include tax, penalty, and interest amounts disclosed in SEC Forms 10-Q and 10-K by a public company**

when those payments result from Internal Revenue Service (IRS) enforcement actions triggered by whistleblower information.

3. Whether the court of appeals erred by deferring to the IRS without conducting a complete statutory analysis or requiring reasoned decision-making, thereby insulating agency action from meaningful judicial review.

LIST OF PARTIES

The Petitioner is Don Hou

The Respondent is the Commissioner of Internal Revenue.

STATEMENT OF RELATED PROCEEDINGS

Two proceedings pertain to ongoing administrative and judicial proceedings involving Don Hou and this case:

1. **IRS Administrative Process – Request for CDP (Collection Due Process) Hearing**

Description: A formal letter addressed to the IRS requesting a **"Collection Due Process Hearing"** to resolve this case and the outstanding tax matter.

Purpose: **To demonstrate a good-faith effort to settle the case administratively.** If a settlement is reached with the IRS, the Petitioner intends to dismiss or terminate the current court case as soon as possible.

2. **CA Judicial Process – PETITION FOR WRIT OF MANDATE**

Description: Documentation regarding the "Petition for Writ of Mandate" filed in **the Superior Court of California. (Case No: 25WM000137)**

Context: This involves a 2018–2019 audit/administrative action (Claim # 2018-007382) related to **SEC 10Q & 10K filings.**

Current Status: The State of California initially assessed Petitioner's tax liability of **$316,383.03** for the 2023 tax year. Following the filing of the Petition for Writ of Mandate, the CA State adjusted this amount to **$135,710.69**.

Note: To date, **the Franchise Tax Board (FTB) / State of California** has not provided the requested "Funding Received" (Collected & Proceed) documents, despite requests made under **the California Public Records Act**.

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28 U.S.C. § 1254 (1) – See Appendix E.

ORDERS / JUDGMENT / MANDATE BELOW

The United States Court of Appeals for the District of Columbia Circuit entered final judgment on November 12, 2025. (See Appendix A)

A timely petition for panel rehearing and rehearing en banc was denied on December 15, 2025. (See Orders / Appendix B-1 & B-2)

The court of appeals issued its mandate on December 23, 2025. (See Appendix C)

JURISDICTION

The judgment of the United States Court of Appeals for the District of Columbia Circuit was entered on November 12, 2025. A timely petition for panel rehearing and rehearing en banc was denied on December 15, 2025, and the court of appeals issued its mandate on December 23, 2025.

This Court has jurisdiction under 28 U.S.C. § 1254(1), which authorizes the Supreme Court to review cases "on writ of certiorari to a court of appeals of the United States."

STATUTORY PROVISIONS INVOLVED

26 U.S.C. § 7623 (b) (attached in Appendix E).

26 U.S.C. § 7623 (c) (attached in Appendix E).

28 U.S.C. § 1254 (1) (attached in Appendix E).

STATEMENT OF THE CASE

Petitioner / Don Hou graduated from the University of Illinois at Chicago with a Master of Accounting degree, and Petitioner is a Certified Public Accountant (CPA).

Petitioner submitted detailed whistleblower information to the Internal Revenue Service identifying tax noncompliance by person, LLC, Trust and a publicly traded corporation, including internal contract and responsible executives.

Following the submission, the corporation disclosed substantial tax-related payments in SEC filings, including approximately $53.3 million (Form 10-Q) and $62.7 million (Form 10-K) for the year ending 2018.

The IRS collected proceeds associated with the reported noncompliance but denied petitioner's claim for an award under § 7623(b) & ignored § 7623(c).

The Tax Court affirmed, and The Court of Appeals upheld that judgment, deferring to the IRS's interpretation and discretion.

SUMMARY OF ARGUMENT

A. This case presents a recurring and important question concerning the proper interpretation of the federal whistleblower statute, 26 U.S.C. § 7623, and the limits of judicial deference to administrative agencies. Congress enacted § 7623 to create mandatory financial incentives for individuals who provide specific information leading to the collection of unpaid federal taxes. To ensure that those incentives were meaningful, Congress used mandatory language—qualifying whistleblowers "shall" receive awards—and enacted § 7623(c) to define and expand the scope of "collected proceeds," including penalties, interest, and amounts paid by related taxpayers and public companies.

B. The decision below undermines that statutory framework. By allowing the Internal Revenue Service (IRS) and reviewing courts to disregard § 7623(c), the court of appeals effectively transformed a mandatory entitlement into a discretionary benefit. That approach permits courts to narrow Congress's chosen scheme through extra-textual limitations that appear nowhere in the statute, contrary to this Court's repeated instruction that statutory text must be applied as written.

C. This case also presents an important question about the meaning of "collected proceeds." The IRS collected substantial tax-related payments that the affected public company disclosed in SEC Forms 10-Q and 10-K after Petitioner submitted detailed whistleblower information. Excluding such payments from the definition of "collected proceeds" invites agencies to evade congressionally mandated awards whenever enforcement results are reflected through regulatory disclosures, creating uncertainty for whistleblowers nationwide and defeating the statute's purpose.

D. Finally, the court of appeals insulated agency action from meaningful judicial review by deferring to the IRS without conducting a complete statutory analysis or requiring reasoned decision-making. This Court's precedents make clear that deference does not permit agencies or courts to ignore statutory text or relevant factors. Review is warranted to reaffirm that § 7623 means what it says, to resolve confusion over the scope of "collected proceeds," and to ensure uniform application of federal whistleblower law

REASONS FOR GRANTING THE WRIT

I. The Decision Disregards the Statutory Framework of 26 U.S.C. § 7623

The decision below permits the IRS to ignore relevant statutory provisions, including § 7623(c), contrary to the principle that statutes must be interpreted as a whole.

Congress enacted 26 U.S.C. § 7623(c) to create a defined entitlement to an award when a whistleblower provides information that results in the collection of proceeds by the Internal Revenue Service. The statute specifies the conditions under which an award is available and the factors relevant to its calculation. It does not authorize courts to graft additional limitations onto that entitlement.

The decision below nonetheless upheld the denial of an award by relying on judicially created limitations not found in the statutory text. That approach permits courts to narrow or negate a congressionally conferred entitlement through doctrines that Congress neither enacted nor incorporated by reference. This Court has repeatedly held that where Congress has spoken clearly, courts are not free to revise statutory schemes in the name of prudence or policy. (Lamie v. United States Trustee, 540 U.S. 526 (2004) courts may not rewrite statutes)

Review is warranted to resolve whether courts of appeals may deny an award under § 7623(c) based on limitations that appear nowhere in the statute, thereby displacing Congress's chosen framework for incentivizing and protecting whistleblowers who expose significant tax noncompliance.

II. The Meaning of "Collected Proceeds" Is an Important Federal Question

The decision adopts a narrow interpretation that excludes payments disclosed in SEC filings, creating uncertainty in whistleblower law nationwide.

The IRS is evading mandatory awards by redefining "collected proceeds" and "based on information," and courts are allowing it.

§ 7623(c) is supporting evidence of statutory misinterpretation (Whistleblower 21276-13W v. Commissioner, 147 T.C. No. 4 (2016))

III. The Decision Below Conflicts with This Court's Precedents Requiring Courts to Apply Statutory Text as Written

This Court has consistently emphasized that federal courts must apply statutory text as enacted and may not subordinate that text to judge-made doctrines governing administrative discretion. When Congress establishes specific criteria for agency action, those criteria control.

(Epic Systems Corp. v. Lewis (2018) statutes prevail over policy concerns)

The decision below departs from that principle by permitting judicial doctrines to override the plain text of a federal tax statute. If left unreviewed, that approach invites courts to treat statutory entitlements as discretionary grants subject to extra-textual limitations, undermining the separation of powers and eroding legislative supremacy.

This case presents a clean vehicle to reaffirm that statutory text governs, particularly in the tax context that Congress has legislated with precision and where uniform application of federal law is essential.

IV. The Decision Conflicts with Administrative Law Principles

Under State Farm, agencies must consider relevant factors and evidence. (Motor Vehicle Mfrs. Ass'n v. State Farm, 463 U.S. 29 (1983),) Agency reasoned explanation (FCC v. Fox Television Stations, Inc., 556 U.S. 502 (2009) The IRS failed to do so here.

V. The Decision Creates a Systemic Loophole That Nullifies the Whistleblower Statute

The IRS can use whistleblower information yet deny awards by asserting the information was not the basis for action, undermining the statute.

This Court has repeatedly rejected agency interpretations that defeat statutory purpose. See King v. Burwell, 576 U.S. 473, 492 (2015) (rejecting interpretation that would "undermine" the statutory scheme); United States v. American Trucking Ass'ns, 310 U.S. 534, 543 (1940) (statutes must be interpreted to effectuate congressional purpose).

VI. The Court of Appeals Applied an Improperly Deferential Standard

The court of appeals erred by deferring to the IRS without requiring reasoned decision-making or full statutory analysis.

This Court has made clear that deference does not permit agencies to ignore statutory text or relevant factors.

By failing to require consideration of § 7623(c) and record evidence linking petitioner's information to collected proceeds, the court effectively insulated the agency from meaningful judicial review.

"The IRS ignored 7623(c), which confirms Congress intended a broader framework—not the narrow interpretation used to deny awards.

VII. The Court of Appeals Applied Improper Judicial Deference

Legal Standard: **The Court of Appeals erred by applying an overly deferential standard to the IRS's administrative record, failing to conduct a de novo statutory interpretation as required under the**

Administrative Procedure Act (APA) and failing to ensure the IRS met its evidentiary burden.. See below:

A. Misplacement of the Burden of Proof in Summary Judgment Proceedings

The Court of Appeals failed to recognize that since the IRS moved for **Summary Judgment**, it bore the **initial burden of production** to prove the absence of any genuine dispute of material fact. Petitioner provided concrete evidence—specifically **SEC Forms 10-Q and 10-K**—detailing "Collected Proceeds" increasing from **$53.3 million to $62.7 million.** By ignoring these figures and failing to require the IRS to rebut this evidence with specific accounting, the court improperly shifted the burden to the Petitioner, violating the fundamental principles of **Rule 56 of the Federal Rules of Civil Procedure** (as applied via Tax Court Rule 121). (see Appellant's Reply Brief / Item 10 / 11/02/23 & US Tax Court Motion 95 / Item 7 / 07/07/22)

B. Abuse of Discretion and Statutory Non-Compliance 26 U.S.C. § 7623 (c)

The IRS committed a **clear error of judgment** and an **abuse of discretion** by closing the Petitioner's case on **February 1, 2019**, despite having issued **a denial letter on October 16, 2018**. The surge in collected funds (an increase of approximately $9.4 million) during this interim period constitutes "collected proceeds" directly linked to the Petitioner's information. The IRS failed to adhere to the mandatory provisions of **26 U.S.C. § 7623(c)**, and the lower court's deference to this procedural inconsistency constitutes a failure to perform a **"thorough, probing, in-depth review"** of the agency's actions. (see US Tax Court #104 Motion / item 16 / 01/19/23)

C. Spoliation of Evidence and Incomplete Administrative Record

The Court of Appeals improperly deferred to an **incomplete Administrative Record**. It is undisputed that the IRS utilized the

Petitioner's specific information (the CEO's employment contract); however, the pivotal **"Exhibit 10" (IRS acknowledgment letter)** was conspicuously absent from the record provided by the agency. Judicial deference is not a license for agencies to submit a **curated or redacted record**. The court's failure to invoke the **"completeness doctrine"** or sanction the IRS for the omission of key documents deprived the Petitioner of a fair adjudication. (see Appellant's Reply Brief / item 12 / 11/02/23)

D. Failure to Address Factual Findings of Collection

The court overlooked substantial evidence confirming that the IRS successfully collected proceeds across **all four (4) claim numbers** associated with the Petitioner's disclosure.

By granting deference to the IRS's summary denial without requiring an accounting of these specific tax, penalty, and interest increments, the court facilitated a **"rubber-stamp" review** that ignores the statutory whistleblower award mandates (See Appellant's Brief / item 6c /08/14/23 & US Tax Court #104 Motion / Item 10 / 01/19/23)

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

Don Hou 06/16/2026

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