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IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF NEW JERSEY
TRENTON VICINAGE

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.) No.
)
ERIC MAJETTE,)
)
Defendant.)

COMPLAINT

The United States of America, at the request of the Chief Counsel of the Internal Revenue Service, a delegate of the Secretary of the Treasury, and at the direction of the Attorney General of the United States, brings this suit to permanently enjoin the defendant, Eric Majette, and all persons and activities in active concert or participation with the defendant from directly or indirectly:

- (a) Acting as a federal tax return preparer or requesting, assisting in, or directing the preparation or filing of federal tax returns, amended returns, or other related documents or forms for any person other than himself and his legal spouse;

- (b) Advising, assisting, counseling, or instructing anyone about the preparation of a federal income tax return;
- (c) Engaging in any other activity subject to penalty under 26 U.S.C. §§ 6694 and 6701, or any other penalty provision in the Internal Revenue Code;
- (d) Representing, or appearing on behalf of, any person before the Internal Revenue Service; and
- (e) Otherwise engaging in any conduct that substantially interferes with the proper administration and enforcement of the Internal Revenue laws.

JURISDICTION AND VENUE

1. Jurisdiction exists under 28 U.S.C. §§ 1340 and 1345 and 26 U.S.C. § 7402(a).
2. Venue is proper in this Court under 28 U.S.C. §§ 1391(b)(1) and (b)(2).

ERIC MAJETTE

3. The defendant, Eric Majette (“Majette”) resides in Somerville, New Jersey, within this judicial district.
4. Majette is an income tax return preparer within the meaning of 26 U.S.C. § 7701(a)(36) because he prepares other people’s federal income tax returns for compensation.
5. From at least 2006 through 2011, Majette owned and operated a tax preparation business named “Berrisford Group,” that maintained offices and conducted business in Plainfield, New Jersey and Somerville, New Jersey. As a result, a

substantial part of the events or omissions giving rise to the United States' claim occurred within this judicial district.

MAJETTE'S SCHEME

6. From 2006 to 2011, as the owner of the Berrisford Group, Majette prepared and filed U.S. Individual Income Tax Returns (Forms 1040) along with the accompanying schedules, on behalf of his customers.

7. From 2006 through at least 2011, Majette prepared and filed U.S. Individual Income Tax Returns (Forms 1040) that contained false or inflated tax deductions and credits that thereby falsely understated the federal income tax liabilities of his customers. As a result, Majette's customers have claimed large federal income tax refunds which they were not entitled.

8. From 2006 through 2011, Majette filed and caused to be submitted, and directed his customers to submit false documents to the Internal Revenue Service ("IRS") including (but not limited to) false and fraudulent charitable contribution receipts in response to IRS audits.

HARM CAUSED BY MAJETTE

9. Majette's scheme harms the United States because the customers of Berrisford Group understated their correct tax liabilities on their federal income tax returns. This not only deprived the United States of its lawful tax revenues, but also led to Majette's customers receiving inflated refunds to which they were not entitled.

10. Majette's scheme ultimately resulted in the filing of 1,853 tax returns for customers between the years 2009 through 2012. 1,723 of these returns (or 93 percent) claimed tax refunds. Because of limited resources, the IRS is unable to examine all 1,723 tax returns that claimed refunds. The IRS, however, was able to examine 428 of these returns and determined that these returns collectively understated their correct tax liabilities by \$838,837, or by approximately \$1,960 per return. Therefore, the estimated harm to the United States caused by the 1,723 tax returns claiming refunds that Majette prepared during the years 2009 through 2012 is \$3,377,648.

11. Majette's customers have been harmed because the tax returns that Majette prepared for them substantially understated their correct tax liabilities. As a result, many of his customers are now indebted to the United States for large income tax deficiencies, including sizeable penalties and interest.

12. Majette's actions also harm the United States because the Internal Revenue Service must devote a portion of its limited resources to identifying Majette's customers, examining their returns, ascertaining their correct tax liabilities, recovering any refunds erroneously issued, and collecting any additional taxes and penalties.

13. Majette's activities also undermine public confidence in the administration of the federal tax system and encourage noncompliance with tax laws.

PLEA AGREEMENT

14. On April 9, 2013, in *United States v. Majette*, 3:12-cv-00673-AET (D.N.J.), Majette pled guilty to one count of aiding and assisting in the preparation of false tax returns (26 U.S.C. § 7206(2)), and one count of corrupt endeavor to obstruct and impede the Internal Revenue Service (26 U.S.C. § 7212(a)) in connection with his involvement in the tax evasion scheme described above in paragraphs 6 through 13. On October 17, 2013, Majette was sentenced 30 months of incarceration, 1 year of probation upon release, and ordered to pay restitution in the amount of \$123,440.

MAJETTE'S ADMISSIONS

15. At the allocution phase of the October 17, 2013 sentencing hearing in his criminal case, Majette admitted under oath to engaging in the following conduct:

- (a) On or about March 13, 2006, he aided and assisted in the preparation of a false 2005 U.S. Individual Income Tax Return (Form 1040).
- (b) On that return, Majette falsely claimed deductions and credits for customers that included:
 - (1) Schedule A, line 1, Medical and Dental Expenses of \$12,305.00.

- (2) Schedule A, line 15a, Gifts by Cash or Check in the amount of \$12,609.00.
- (3) Schedule A, line 20, Unreimbursed Business Expenses in the amount of \$40,504.00.
- (4) Schedule A, line 22, Other Expenses in the amount of \$2,215.00.

16. Majette knew that each amount reported on his customers' tax returns in paragraph 15 was materially false.

17. Majette knew and believed that the false information referred to paragraph 16 would be underreported in the Form 1040 that he prepared and filed on behalf of one of his customers.

COUNT I
Injunction Under 26 U.S.C. § 7407 for Conduct
Subject to Penalty Under 26 U.S.C. § 6694

18. Plaintiff incorporates by reference the allegations in paragraphs 1 through 17.

19. Under section 7407 of the Internal Revenue Code (26 U.S.C. § 7407), Congress has authorized the United States to seek an injunction against any tax preparer who, among other things, has engaged in any conduct subject to penalty under Code section 6694.

20. If a return preparer's conduct is continual and/or repeated and the court finds that a narrower injunction (i.e., prohibiting specific enumerated conduct) would

not be sufficient to prevent the preparer's interference with the proper administration of federal tax laws, the court may enjoin the person from acting as a return preparer.

21. Section 6694(b) of the Code penalizes a tax return preparer who prepares a return or claim for refund with respect to which any part of an understatement of liability is due to:

- (a) a willful attempt to understate the liability for tax on the return or claim or
- (b) a reckless or intentional disregard of rules or regulations.

22. Paragraphs 6 through 17, above, demonstrate the willful efforts by Majette to understate his customers' proper tax liabilities. It also shows his intentional disregard of Treasury rules and regulations.

23. Injunctive relief is necessary to prevent this continued misconduct because, absent an injunction, Majette is likely to continue preparing federal tax returns for customers, thus enabling them to receive larger refunds than those to which they are legitimately entitled. Penalties and other administrative measures are insufficient to deter his conduct.

24. Majette should be permanently enjoined under 26 U.S.C. § 7407 from acting as an income tax preparer because a more limited injunction would be insufficient to prevent his interference with the proper enforcement of the tax laws.

COUNT II
Injunction Under 26 U.S.C. § 7408 for Conduct
Subject to Penalty Under 26 U.S.C. § 6701

25. Plaintiff incorporates by reference the allegations in paragraphs 1 through 24.

26. Section 7408 of the Code authorizes a district court to enjoin any person from engaging in conduct subject to penalty under 26 U.S.C. § 6701 if injunctive relief is appropriate to prevent recurrence of such conduct.

27. Section 6701(a) of the Code penalizes any person who aids or assists in, procures, or advises with respect to the preparation or presentation of a federal tax return, refund claim, or other document knowing (or having reason to believe) that it will be used in connection with any material matter arising under the internal revenue laws and knowing that if it is so used it will result in an understatement of another person's tax liability.

28. Majette prepared tax returns claiming bogus deductions for customers which they were not legitimately entitled, knowing that it would result in his customers understating their federal tax liabilities.

29. If the Court does not enjoin Majette from engaging in conduct subject to penalty under Code section 6701, he is likely to continue to engaging in conduct subject

to penalty under Code section 6701. Injunctive relief is therefore appropriate under Code section 7408.

COUNT III
Injunction Under 26 U.S.C § 7402(a)
Necessary to Enforce the Internal Revenue Laws

30. Plaintiff incorporates by reference the allegations in paragraphs 1 through 29.

31. Section 7402(a) of the Code authorizes a district court to issue orders of injunction as may be necessary or appropriate for the enforcement of the internal revenue laws.

32. Majette, through the actions described in paragraphs 7 through 20, above, has engaged in conduct that substantially interferes with the enforcement of the internal revenue laws.

33. Unless enjoined, Majette is likely to continue to engage in such improper conduct and interfere with the enforcement of the internal revenue laws. If Majette is not enjoined from engaging in fraudulent and deceptive conduct, the United States will suffer irreparable injury by wrongfully issuing federal income tax refunds to individuals not entitled to receive them.

34. Enjoining Majette is in the public interest because an injunction, backed by the Court's contempt powers if needed, will stop Majette's illegal conduct and the harm it causes the United States and its citizens.

35. The Court should impose injunctive relief under 26 U.S.C. § 7402(a).

WHEREFORE, the United States of America prays for the following:

A. That the Court find that Majette has continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. § 6694, and has continually and repeatedly engaged in other fraudulent or deceptive conduct that substantially interferes with the administration of the tax laws, and that a narrower injunction prohibiting him from engaging in only this specific misconduct would be insufficient;

B. That the Court, pursuant to 26 U.S.C. § 7407, enter a permanent injunction prohibiting Majette from acting as a federal tax return preparer;

C. That the Court find that Majette has engaged in conduct subject to a penalty under 26 U.S.C. § 6701, and that injunctive relief under 26 U.S.C. § 7408 is appropriate to prevent a recurrence of that conduct;

D. That the Court find that Majette has engaged in conduct that interferes with the enforcement of the internal revenue laws, and that injunctive relief barring him from acting as a return preparer is appropriate to prevent the recurrence of that conduct pursuant to the Court's inherent equity powers and 26 U.S.C. § 7402(a);

E. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter a permanent injunction prohibiting Majette, and all those in active concert or participation with Majette, from:

(a) Acting as a federal tax return preparer or requesting, assisting in, or directing the preparation or filing of federal tax returns, amended returns,

or other related documents or forms for any person other than himself and his legal spouse;

- (b) Advising, assisting, counseling, or instructing anyone about the preparation of a federal income tax return;
- (c) Engaging in any other activity subject to penalty under 26 U.S.C. §§ 6694, 6701 or any other penalty provision in the Internal Revenue Code;
- (d) Representing, or appearing on behalf of, any person before the Internal Revenue Service; and
- (e) Otherwise engaging in any conduct that substantially interferes with the proper administration and enforcement of the Internal Revenue laws.

F. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter an order requiring Majette to contact, within 30 days of the Court's order, by United States mail and, if an e-mail address is known, by e-mail, all persons for whom he prepared, or assisted in preparing, federal tax returns to inform them of the permanent injunction entered against him;

G. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter an order requiring Majette to produce to counsel for the United States, within 30 days of the Court's order, a list that identifies by name, social security number, address, e-mail address, and telephone number and tax period(s), all persons for whom he prepared, or assisted in preparing, federal tax returns;

H. That the Court retain jurisdiction over Majette and over this action to enforce the terms of any permanent injunction entered against him;

I. That the United States be entitled to conduct discovery to monitor Majette's compliance with the terms of any permanent injunction entered against him; and

J. That the Court grant the United States such other and further relief, including costs, as is just and reasonable.

DATE: December 3, 2013.

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United States Attorney

KATHRYN KENEALLY
Assistant Attorney General
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