

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

Case No. 1:14-CV-21610

v.

LAZARO JESUS TOYOS,
SHIRLEY ESTER ALMAZAN,
DILMA CARIDA GARCIA aka
DILMA TOYOS GARCIA,
DANIEL ALMAZAN,
L. TOYOS TAX SERVICE, INC.,
TOYOS GARCIA TAX SERVICE, INC.,
TOYOS TAX SERVICE, INC., and
TOTAL INCOME TAX SERVICES,

Defendants.

COMPLAINT FOR PERMANENT INJUNCTION

The plaintiff, the United States of America, alleges as follows against the defendants, Lazaro Jesus Toyos, Shirley Ester Almazan, Dilma Carida Garcia aka Dilma Toyos Garcia (hereinafter Dilma Garcia), Daniel Almazan, L. Toyos Tax Service, Inc., Toyos Garcia Tax Service, Inc., Toyos Tax Service, Inc., and Total Income Tax Services.

1. The United States of America seeks to permanently enjoin the defendants from:
 - (a) preparing, assisting in the preparation of, or directing the preparation of federal income tax returns, amended returns, or other tax-related documents and forms, including any electronically-submitted tax returns or tax-related documents, for others;

- (b) engaging in activity subject to penalty under 26 U.S.C. §§ 6694, 6700, and 6701; and
- (c) engaging in conduct that substantially interferes with the proper administration and enforcement of the tax laws.

2. This action is authorized and requested by the Chief Counsel of the Internal Revenue Service (“IRS”), a delegate of the Secretary of the Treasury of the United States, and is commenced at the direction of the Attorney General of the United States, pursuant to 26 U.S.C. §§ 7402, 7407, and 7408.

Jurisdiction and Venue

3. Jurisdiction is conferred on this Court by 26 U.S.C. §§ 7402(a), 7407, and 7408, and 28 U.S.C. §§ 1340 and 1345.

4. Venue is proper in this Court pursuant to 28 U.S.C. § 1391 and 26 U.S.C. § 7407(a) because the defendants prepare tax returns within this judicial district, and a substantial part of the events giving rise to this claim occurred within this judicial district.

Overview of the Defendants

5. The defendants are paid tax return preparers who operate a family-run return preparation business in Miami.

Lazaro Toyos

6. Defendant Lazaro Jesus Toyos is the father of defendants Shirley Almazan and Dilma Garcia. He is defendant Daniel Almazan’s father-in-law.

7. Toyos began preparing tax returns for customers in 1979. Prior to that time, Toyos completed two years of college at Havana University in Cuba, and attended law school

but did not obtain a degree. He emigrated from Cuba to California in 1962. In 1973, he moved to Miami with his family. In 1975, he began selling life insurance, and started his return preparation business in response to inquiries from his insurance customers.

8. From 1979 until 1994, Toyos operated a sole proprietorship that prepared tax returns for friends, family, and other Spanish speaking customers living or working in the Hispanic neighborhood where his business was located. In 1994, Toyos incorporated the defendant L. Toyos Tax Service, Inc., but the corporation was administratively dissolved in 1997 for failure to file an annual report with the State of Florida. Despite that fact, Toyos continued to operate L. Toyos Tax Service as a going concern. In 1999, Toyos withdrew from the insurance business and began to work as a full-time tax return preparer. In that capacity, Toyos prepared returns for his prior insurance customers and grew his business from repeat customers and word of mouth.

9. In 2005, Toyos reincorporated L. Toyos Tax Service, using the same employee identification number as the prior corporation. Toyos retained the title of company president, and his daughter, Shirley Almazan, was named corporate secretary. In 2008, he designated his other daughter, Dilma Garcia, as treasurer. The company was again dissolved by the State of Florida in 2010 for failure to file an annual report.

10. Toyos has no formal training as a tax return preparer. Toyos told the IRS during an investigation of his business practices that he attended an H&R Block tax class about 20 years ago, and that he learns about tax law through tax preparation software, informational booklets and the annual IRS Publication 17: Your Federal Income Tax (For Individuals).

Shirley Ester Almazan

11. Defendant Shirley Ester Almazan started working with her father, defendant Toyos, as a tax return preparer in or about 1985. She is a high school graduate and attended two years at Miami-Dade Community College where she studied general education, bookkeeping, and accounting.

12. Like her father, Shirley Almazan has no formal training as a tax return preparer. She learned income tax preparation from Lazaro Toyos and supplemented her knowledge by reading the Form 1040 instructions, which are published annually. She told the IRS that she reviews a compliance book each year that provides information and charts, and that she consults the IRS website and CCH Master Tax Guide. She further advised the IRS that her company utilizes tax preparation software with links to a knowledge database, and that she considers herself very knowledgeable in federal income tax return preparation.

13. In 1987, two years after she started working with her father to prepare returns, Shirley Almazan and her husband, defendant Daniel Almazan, formed Insurance Depot, Inc. to sell insurance and prepare tax returns. After 15 years in business, the company was administratively dissolved by the State of Florida for failure to file an annual report in 2002.

14. In 2005, Shirley Almazan rejoined her father at L. Toyos Tax Service, Inc. In addition to preparing returns for customers, Almazan took over management of the office as her father got older. She has been the holder of an Electronic Filer Identification Number (“EFIN”) since 1999 and has been the designated Electronic Return Originator for L. Toyos Tax Service, Inc. since 2006.

Dilma Garcia

15. Defendant Dilma Garcia started working with her father and her sister as a return preparer at L. Toyos Tax Service in January 2009. She has no formal training but earned her bachelor's degree in Professional Management from Nova Southeastern University in Fort Lauderdale, Florida in 1997. To prepare returns, Garcia feeds the information provided by her customers into a tax preparation program utilized by the business.

16. Prior to preparing tax returns, Garcia had a high-paying job at American Express. She was laid off in 2008, after working there for 28 years. She had worked as a senior manager and analyst specializing in the Latin American and Caribbean markets. After her position was eliminated, Garcia formed a small insurance company that catered to her father's tax customers. She sold life insurance and financial planning services and managed investments. The business was short-lived and closed in November 2009.

Daniel Almazan

17. Defendant Daniel Almazan graduated from high school but has no post-secondary education. He started Insurance Depot, Inc. in 1987 with his wife, defendant Shirley Almazan, but the company was dissolved in 2002. In 2007, he opened an insurance company called Almazan & Associates, LLC. He sells property and casualty insurance and acts as both insurance agent and broker.

18. In 2009, Daniel Almazan began preparing tax returns at L. Toyos Tax Service to help the family business during the busy filing season and to earn extra income as a subcontractor of his wife. In December 2009, Daniel Almazan gave up the office space for Almazan & Associates and moved into the offices of L. Toyos Tax Services. He has been

preparing tax returns for at least four filing seasons. In September 2012, Daniel Almazan incorporated a new company called Total Income Tax Services Corp., which shares office space with L. Toyos Tax Service.

19. Daniel Almazan took an income tax preparation class in December 2005 offered by H&R Block. He discusses tax law developments and changes with the other defendants. He told the IRS that he and his partners read the IRS News Flash and the offices' ATX software guide books. He also used the CCH Master Tax Guide.

L. Toyos Tax Service, Inc.

20. Defendant L. Toyos Tax Service, Inc. was incorporated in Florida in October 1994. Toyos and his wife were listed as directors. The corporation was administratively dissolved in September 1997 for failure to file its annual report. Nonetheless, Toyos and his family members continued to prepare tax returns under the corporate name after its dissolution.

21. L. Toyos Tax Service, Inc. was reincorporated in 2005 under the same tax identification number. Toyos is the 100 percent shareholder and President. His daughter Shirley Almazan is listed as Secretary. Toyos's other daughter, Dilma Garcia, joined the company in 2008 and was named Treasurer. Garcia's husband, Jesus Garcia, began to prepare tax returns for the company in 2010. Neither he nor Shirley Almazan's husband Daniel Almazan are officers of L. Toyos Tax Service, Inc.

22. Shirley Almazan manages L. Toyos Tax Service, Inc., ensuring that the office overhead is paid. She prepares most of the returns. She prepares individual and corporate income tax returns as well as employment tax returns for businesses.

23. L. Toyos Tax Service, Inc. charges a fee for the tax returns it prepares, which is paid in cash, by check, or with a credit/debit card. In some instances, the returns the defendant prepares direct the IRS to remit the customers' refunds to the company bank account. L. Toyos Tax Service then deducts its fee, and remits the balance of the refund to the customer.

Toyos Garcia Tax Service, Inc., Toyos Tax Service, Inc. & Total Income Tax Service Corp.

24. L. Toyos Tax Service was administratively dissolved for a second time by the State of Florida in 2010. At that point, members of the Toyos and Garcia families established separate companies through which they prepare returns at the office address once occupied by L. Toyos Tax Service. The office has one credit card machine through which customer payments are processed. The payments are then remitted electronically to the individual defendant who prepared the return that generated the fee.

25. Defendant Toyos Garcia Tax Service, Inc. was incorporated in Florida as an S-Corporation on or about July 27, 2010. Its officers are defendant Jesus Garcia and defendant Dilma Garcia. One or more individual defendants use the company employer identification number ("EIN") and Dilma Garcia's preparer tax identification number ("PTIN") to conduct tax preparation business in which fraudulent income tax returns are filed.

26. Defendant Toyos Tax Service, Inc. was incorporated in Florida as an S-Corporation on or about August 5, 2010. Defendant Shirley Toyos Almazan is the president. One or more individual defendants use the company EIN and Shirley Almazan's PTIN to conduct tax preparation business in which fraudulent income tax returns are filed.

27. Defendant Total Income Tax Service Corp was incorporated in Florida as a C-Corporation on or about September 13, 2012. Its president is defendant Daniel Almazan. Daniel

Almazan has a PTIN; however, there is no record of a filed return having been prepared by Total Income Tax Service Corp. It does, however, share office space with the defendants listed above.

Overview of the Fraud

28. Since at least 2008, income tax returns prepared by the defendants have understated the filing taxpayer's liability by creating or inflating deductions, or falsely claiming credits. For the processing years 2008 to 2012, the defendants prepared more than 2,600 individual tax returns each year. The returns were prepared using the EINs for defendants Toyos Tax Service, Toyos Garcia Tax Service, and L. Toyos Tax Service and the PTINs of defendants Lazaro Toyos, Shirley Almazan, Dilma Garcia, and Daniel Almazan.

29. For example, the defendants prepared returns claiming the First Time Home Buyer Credit ("FTHBC") for individuals who clearly did not meet the requirements to qualify for the credit. For a limited time beginning in 2008, the FTHBC allowed a first time homebuyer to claim a refundable credit against his federal income tax equal to ten percent of the home's purchase or \$8,000, whichever is less. In preparing customers returns for the 2008 tax year during the 2009 filing season, defendants Lazaro Toyos, Shirley Almazan, Dilma Garcia, and Daniel Almazan, failed to request the documents and information necessary to support a FTHBC claim. Instead, the defendants claimed the credit for any customer who simply expressed an interest in buying a house, regardless of whether they were a first-time home buyer. The IRS' analysis of returns the defendants prepared reveals that the FTHBC was claimed incorrectly on 85% of the returns sampled. Applying that percentage to the 255 returns defendants prepared for the 2008 tax year that claimed the FTHBC, the IRS estimates that erroneous refunds of \$1.6 million may have been issued in 2009 to taxpayers who did not qualify for the credit.

30. When the IRS imposed more stringent documentation requirements to claim the FTHBC on customer's returns for the 2009 tax year, the defendants prepared and filed returns that included Forms 8863, Education Credits (American Opportunity and Lifetime Learning Credits) (formerly known as the Hope Credit) for clients who did not incur education expenses and did not qualify for the credits. This tax credit, which during the 2010 filing season was only available for the 2009 to 2012 tax years, is equal to 100% of qualified tuition payments and related expenses for the first \$2,000, plus 25% of the next \$2,000 for a total maximum credit of \$2,500 per eligible student per year. Colleges and universities are required by law to provide students with a Form 1098-T, Tuition Statement detailing the amount of tuition billed and paid. That information is reported to the IRS, and IRS audits revealed that defendants prepared and filed returns falsely claiming education credits for over 300 customers.

31. In interviews with IRS investigators, customers of the defendants who claimed the First Time Home Buyer and/or American Opportunity Credit ("AOC") stated that they did not seek the credits or report to the defendants that they were entitled to them. Rather, the customers, many of whom did not speak English, stated that they trusted their preparers to file the appropriate returns.

32. In addition to improper FTHBC and AOC claims, the defendants prepare returns that fabricate losses claimed on Schedule C – Profit or Loss from Business. In some cases, the Schedule C reports fabricated business expenses for fictitious businesses, while in others, the business expenses were grossly exaggerated. This resulted in fake or overstated losses that significantly reduced the tax that the defendants reported on their customers' returns.

33. In interviews with IRS investigators, customers of the defendants whose returns included a Schedule C stated that they either never incurred the business expenses reported on their returns, or that the claimed business expenses were inflated. According to those customers, they were unaware of the fabricated or exaggerated deductions, and did not ask the defendants to deduct those items on their returns.

34. IRS records show that in the aggregate, the defendants prepared more than 17,000 individual income tax returns between 2008 and 2013. The tables below list the number of returns prepared by each individual and corporate defendant:

Returns Filed Under the Corporations' EINs

THE CORPORATIONS	2008	2009	2010	2011	2012	2013	TOTAL # of Returns
L. Toyos Tax Service	2,746	3,075	3,268	220	12	4	9,325
Toyos Tax Service				2,100	2,098	1,771	5,969
Toyos Garcia Tax Service			5	1,104	557	325	1,991
Total # of returns filed under EINs of the 4 corporations	2,746	3,075	3,273	3,424	2,667	2,100	17,285

Returns Filed Under the Individuals' PTINs

THE INDIVIDUALS	2008	2009	2010	2011	2012	2013	TOTAL # of Returns
Lazaro Toyos	1,289	779	619	301	5	1	2,994
Shirley Almazan	1,452	1,812	1,311	1,467	1,079	1,067	8,188
Dilma Garcia		727	644	561	361	208	2,501
Daniel Almazan		60	438	679	1,000	404	2,581
Total # of returns filed under PTINs of the 4 preparers	2,741	3,378	3,012	3,008	2,445	1,680	16,264¹

35. To date, the IRS has examined the returns of 320 of the defendants' customers. Those returns, in the aggregate, cover 500 tax years. In addition to \$1.6 million in refunds attributable to FTHBC claims the IRS believes were issued in error in 2009, IRS audits revealed an average understatement of tax of nearly \$2,500 per return, as a result of the false and fraudulent claims on returns prepared filed by the defendants.

Examples of Defendant's Fraudulent Schemes

36. The plaintiff re-alleges the allegations of paragraphs 1-35.
37. The returns described below demonstrate the schemes employed by the

¹The discrepancy between the total number of tax returns filed under the corporations' EINs differs and the total number of returns filed under the individual preparers' PTINs can be attributed to returns prepared by Jesus Garcia (husband of Dilma Garcia), who prepared 1035 returns from 2009 to 2013 processing years, through L. Toyos Tax Service and Toyos Garcia Tax Service.

defendants on thousands of returns they have prepared for taxpayers. The taxpayers, many of whom had difficulty speaking and reading English, put their trust in the defendants to prepare accurate and honest returns. The defendants abused that trust by making false claims on the taxpayers' returns.

False Tax Returns Claiming First Time Home Buyer Credit

38. The defendants prepared returns during the 2009 filing season for tax year 2008 which falsely claimed a FTHBC. The defendants prepared tax returns claiming the FTHBC without verification that their clients had actually purchased a home, such as a Settlement Statement, much less whether they met the other requirements for the credit. The defendants admitted to the IRS that they claimed the credit for taxpayers who were looking for a house or expressed an interest in buying a house at a future date.

39. Analysis of property records for 61 taxpayers who claimed the FTHBC on a return the defendants prepared revealed that 51 did not purchase a home. This sampling indicates that the FTHBC was claimed incorrectly on 85% of the returns that sought the credit.

Returns Falsely Claiming Education Credits and Business Expenses

40. Defendant Lazaro Jesus Toyos prepared a Form 1040 individual tax return for AP,² age 66 year-old wage-earner, for tax years 2009 and 2010. Toyos claimed American Opportunity Credits on Form 8863 of APs Form 1040 for 2009 and 2010 without the taxpayer's knowledge. AP did not attend and incur expenses for an educational institution in those years such that he was eligible for the credit, which were disallowed by the IRS after audit. AP paid \$3,410 to satisfy the resulting tax deficiency (plus interest).

² Initials have been substituted for the full names of the defendants' customers.

41. Defendant Shirley Almazan prepared a Form 1040 individual tax return for IG, a part-time office worker and hair stylist, for tax years 2009 and 2010. Shirley Almazan prepared the return using her PTIN and the firm name of L. Toyos Tax Service, Inc. IG held two part-time jobs, one as an officer worker and one as a hair stylist. Shirley Almazan falsely claimed the American Opportunity Credit for Gomez's son for tax year 2010, a year he was not a student. Shirley Almazan also listed fictitious expenses on IG's Schedule C for both 2009 and 2010 of more than \$11,000 for each tax year. As a result of Shirley Almazan's actions, IG was assessed a tax deficiency of \$7,935 for 2009 and 2010 tax years.

42. Defendant Dilma Garcia prepared a Form 1040 individual tax return for RF for the tax year 2009. Garcia signed the return under her name and the firm name of L. Toyos Tax Service, Inc. RF, a security guard and contractor, told the IRS that he told Garcia that he was studying to take the test to become a United States citizen. RF did not tell Garcia or provide information that suggested he was attending a college or university or otherwise eligible for an education credit. Nonetheless, Garcia falsely claimed an American Opportunity Credit on Form 8863, attached to RF's 2009 tax return, resulting in a tax underpayment of \$1,340. After audit, RF agreed to pay the deficiency.

43. Defendant Daniel Almazan prepared a Form 1040 individual tax return for LH, a restaurant worker, for tax years 2009 and 2010. Daniel Almazan signed the return under his name and the firm name of L. Toyos Tax Service, Inc. Daniel Almazan falsely claimed a \$2,125 American Opportunity Credit on LH's return for 2009 and a \$2,175 credit for 2010. Hernandez was not a student in either years, and the credits were disallowed by the IRS. The IRS auditor also found that LH's Schedule A itemized deductions were completely false and overstated in

both years by a total of more than \$24,000. LH confirmed that the expenses on the Schedule A forms were erroneous and advised the IRS examiner that she did not supply those expense amounts to Daniel Almazan. The defendant made up out of whole cloth the medical and dental expenses, gifts to charity and unreimbursed employee expenses he included on LH's Schedule A. As a result of the false credits and deductions, LH agreed to a tax assessment of \$7,935 for 2009 and 2010.

Harm to the United States

44. The defendants have caused harm to the United States by creating substantial revenue losses through understating the liabilities on the returns they prepare through the schemes described above.

45. In addition, the defendants' actions have forced the United States to expend significant resources to examine and correct the returns they prepared.

46. In many instances, the defendants' understatement of their clients' liabilities and false credit claims caused the United States to issue refunds that the clients were not entitled to receive.

47. Based on the returns it has examined from the 2008 through 2012 processing years, the IRS estimates that the United States has lost millions of dollars in tax revenue from the consistent understatement of liabilities on returns filed by the defendants. In addition, the United States has had to bear the substantial cost of examining the returns the defendants have prepared and collecting the understated liabilities from their customers.

COUNT I
INJUNCTION UNDER 26 U.S.C. § 7407
FOR CONDUCT SUBJECT TO PENALTY UNDER 26 U.S.C. § 6694

48. The United States incorporates by reference the allegations in paragraphs 1 through 47.

49. Section 7407 of the Internal Revenue Code authorizes a district court to enjoin a person who is a tax return preparer from engaging in certain prohibited conduct or from further acting as a tax return preparer. The prohibited conduct justifying an injunction includes, *inter alia*, the following:

(a) Engaging in conduct subject to penalty under 26 U.S.C. § 6694, which penalizes a tax return preparer who prepares a return that contains an understatement of tax liability or an overstatement of a refund due to an unreasonable position that the return preparer knew or should have known was unreasonable; and

(b) Engaging in any other fraudulent or deceptive conduct which substantially interferes with the proper administrations of the Internal Revenue laws.

50. In order for a court to issue such an injunction, the court must find that:

(a) The tax return preparer engaged in the prohibited conduct; and

(b) Injunctive relief is appropriate to prevent the recurrence of such conduct.

51. If a tax return preparer's conduct is continual or repeated and the court finds that a narrower injunction would not be sufficient to prevent the preparer's interference with the proper administration of the internal revenue laws, the court may permanently enjoin the person from acting as a tax return preparer. *See* 26 U.S.C. § 7407(b).

52. The defendants have continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. § 6694 by preparing returns that understate the filers' tax liabilities and overstate their refunds based on unreasonable and reckless positions. As described above, the defendants prepare returns that claim deductions for expenses that were not incurred by the taxpayer and credits to which the taxpayer is not entitled. The defendants did so with the knowledge that the positions they took on the returns were unreasonable and lacked substantial authority. The defendants have thus engaged in conduct subject to penalty under 26 U.S.C. § 6694(a).

53. Additionally, the defendants engaged in conduct subject to penalty under 26 U.S.C. § 6694(b) by willfully understating his customers' liability and acting with a reckless and intentional disregard of rules and regulations.

54. The defendants have continually and repeatedly engaged in conduct that violates 26 U.S.C. § 6694 and which substantially interferes with the administration of the internal revenue laws. Injunctive relief is necessary to prevent this misconduct because, absent an injunction, the defendants are likely to continue preparing false federal income tax returns.

55. A narrower injunction would be insufficient to prevent the defendants' interference with the administration of the federal tax laws. The defendants prepare returns understating the filer's liability through multiple schemes which report false information on their clients' tax returns. In addition, the IRS may not yet have identified all of the schemes used by the defendants to understate income. Failure to permanently enjoin the defendants will require the IRS to spend additional resources to uncover all of their future schemes. The harm resulting from these schemes includes both the expenditures of these resources and the revenue loss

caused by the improper deductions and credits the defendants claim on returns they prepare. Accordingly, only a permanent injunction is sufficient to prevent future harm. Each defendant should be permanently enjoined from acting as a tax return preparer.

**COUNT II:
INJUNCTION UNDER 26 U.S.C. § 7408
FOR CONDUCT SUBJECT TO PENALTY UNDER 26 U.S.C. § 6701**

56. The United States incorporates by reference the allegations contained in paragraphs 1 through 55.

57. Section 7408 of the Internal Revenue Code authorizes a district court to enjoin any person from engaging in conduct subject to penalty under 26 U.S.C. § 6701, which penalizes a person who aids or assists in the preparation of tax returns that the person knows will result in an understatement of tax liability.

58. The defendants have engaged in conduct subject to penalty under 26 U.S.C. § 6701 by preparing or directing the preparation of income tax returns that claim credits they knew that the taxpayer was not eligible to take, and by preparing returns that claim deductions they knew to be false or inflated.

59. The defendants' repeated actions such as those described in paragraphs 18 through 50, above, fall within 26 U.S.C. § 7408(c)(1), and injunctive relief is appropriate to prevent recurrence of this conduct.

60. Accordingly, the defendants should be permanently enjoined from preparing any returns that improperly claim or inflate a claim to the education credit or claim false or inflated deductions.

**COUNT III:
INJUNCTION UNDER 26 U.S.C. §7402 FOR UNLAWFUL
INTERFERENCE WITH THE ENFORCEMENT OF INTERNAL REVENUE LAWS**

61. The United States incorporates by reference the allegations contained in paragraphs 1 through 62.

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

63. The defendants have repeatedly and continually engaged in conduct that interferes substantially with the administration and enforcement of internal revenue laws.

64. If the defendants continue to act as tax return preparers, their conduct will result in irreparable harm to the United States, and the United States has no adequate remedy at law.

65. The defendants' conduct has caused and will continue to cause substantial tax losses to the United States Treasury, much of which may be undiscovered and unrecoverable. Moreover unless the defendants are enjoined from preparing returns, the IRS will have to devote substantial and unrecoverable time and resources auditing their clients individually to detect false, fraudulent, or overstated refund claims in future returns.

66. The detection and audit of erroneous tax credits and deductions claimed on returns prepared by the defendants will be a significant burden on IRS resources.

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

A. That the Court find that the defendants have repeatedly and continually engaged in conduct subject to penalty under 26 U.S.C. § 6694 and that injunctive relief is appropriate under 26 U.S.C. § 7407 to prevent recurrence of that conduct;

B. That the Court find that the defendants have repeatedly and continually engaged in conduct subject to penalty under 26 U.S.C. § 6701 and that injunctive relief is appropriate under 26 U.S.C. § 7408 to prevent recurrence of that conduct;

C. That the Court find that the defendants have repeatedly and continually engaged in conduct that substantially interferes with the proper enforcement and administration of the internal revenue laws, and that injunctive relief against the defendants is appropriate to prevent the recurrence of that conduct pursuant to 26 U.S.C. § 7402(a);

D. That the Court enter a permanent injunction prohibiting the defendants or any other person working in concert or participation with them from directly or indirectly:

(1) preparing, assisting in the preparation of, or directing the preparation of federal income tax returns, amended returns, or other tax-related documents and forms, including any electronically-submitted tax returns or tax-related documents, for any entity or person other than himself;

(2) engaging in activity subject to penalty under 26 U.S.C. §§ 6694, 6700, and 6701; and

(3) engaging in conduct that substantially interferes with the proper administration and enforcement of the tax laws;

E. That the Court enter an injunction requiring each defendant, at his or her own expense:

(1) To send by certified mail, return receipt requested, a copy of the final injunction entered against him in this action, as well as a copy of the Complaint setting forth the allegations as to how the defendants fraudulently prepared federal income tax returns,

to each person for whom he or she prepared federal income tax returns or any other federal tax forms after January 1, 2008;

(2) To turn over to the United States copies of all returns or claims for refund that he or she prepared after January 1, 2008;

(3) To turn over to the United States a list with the name, address, telephone number, email address, and social security number or other taxpayer identification number of all customers for whom he or she prepared returns after January 1, 2008;

(4) To surrender to the Secretary of the Treasury or his delegate the PTIN that is held by, or assigned to, or used by each defendant pursuant to 26 U.S.C. § 6109, and the EFIN held by, assigned to, or used by each defendant.

(5) To file a sworn statement with the Court evidencing his or her compliance with the foregoing directives within forty-five (45) days of entry of the final injunction in this action; and

(6) To keep records of his or her compliance with the foregoing directives, which may be produced to the Court, if requested, or the United States pursuant to paragraph F, below;

F. That the Court enter an order allowing the United States to monitor the defendants' compliance with the injunction, and to engage in post-judgment discovery in accordance with the Federal Rules of Civil Procedure; and

G. That the Court grant the United States such other and further relief as the Court deems appropriate.

Dated: May 5, 2014

Respectfully submitted,

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Assistant Attorney General

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