

UNITED STATES DISTRICT COURT FOR THE  
MIDDLE DISTRICT OF LOUISIANA

THE UNITED STATES OF AMERICA )  
 )  
 Plaintiff, )  
 )  
 v. ) Civil No.  
 )  
 CYNTHIA MARIE PETERS and )  
 MELISSA MICHELLE EDWARDS, d/b/a )  
 JASMINE’S & MELISSA’S TAX SERVICE )  
 )  
 Defendants. )

**COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF**

Plaintiff, United States of America, for its complaint against Defendants Cynthia M. Peters and Melissa M. Edwards, d/b/a Jasmine’s & Melissa’s Tax Service, states as follows:

**Nature of the Action**

1. Cynthia M. Peters (“Peters”) and Melissa M. Edwards (“Edwards”) are Baton Rouge, Louisiana tax return preparers who prepare and file fraudulent income tax returns for their customers through their business, Jasmine’s & Melissa’s Tax Service. Peters and Edwards’ fraudulent scheme involves the Earned Income Tax Credit (“EITC”). To ensure that their customers can claim the EITC and receive larger tax refunds, Peters and Edwards illegally fabricate income, losses and/or expenses on their customers’ tax returns. The manipulation of their customers’ income, losses and/or expenses by Peters and Edwards is done with no justification and its sole purpose is to fraudulently obtain increased tax refunds for their customers.

2. The United States brings this complaint pursuant to 26 U.S.C. §§ 7401, 7402(a), 7407 and 7408 of the Internal Revenue Code (“I.R.C.”) to enjoin Cynthia Peters and Melissa Edwards, and all those in active concert or participation with them, 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 or amended returns for any person or entity other than each defendant preparing her own personal tax return;
- b. Preparing or filing, or assisting in the preparation or filing of tax returns or other related forms or documents for others;
- c. Appearing as a representative on behalf of any person or entity before the IRS;
- d. Owning, managing, controlling, working for, or volunteering for a tax-return-preparation business;
- e. Seeking permission or authorization (or helping or soliciting others to seek permission or authorization) to file tax returns with an IRS Preparer Tax Identification Number (“PTIN”) and/or IRS E-File programs, or any other IRS service or program by which one prepares or files tax returns;
- f. Engaging in conduct subject to penalty under I.R.C. § 6701, including preparing or assisting in the preparation of, or advising with respect to a document related to a material matter under the internal revenue laws that includes a position that Edwards and/or Peters know will, if used, result in an understatement of tax liability;
- g. Engaging in conduct subject to penalty under any provision of the Internal Revenue Code;
- h. Engaging in conduct designed or intended to, or having the effect of, obstructing or delaying an IRS investigation or audit; and
- i. Engaging in any other conduct that interferes with the proper administration and enforcement of the internal revenue laws.

#### **Authorization**

3. This action for injunctive relief is brought at the request of the Chief Counsel of the Internal Revenue Service (“IRS”), a delegate of the Secretary of the Treasury, and commenced at

the direction of a delegate of the Attorney General of the United States, pursuant to 26 U.S.C. §§ 7401, 7402 and 7408.

### **Jurisdiction and Venue**

4. Jurisdiction exists under 28 U.S.C. §§ 1340 and 1345, and 26 U.S.C. § 7402(a).

5. Venue is proper in this Court under 28 U.S.C. § 1391 because Peters and Edwards reside in this judicial district and a substantial portion of the events giving rise to this action took place in this judicial district.

### **The Defendants**

6. Cynthia M. Peters is a tax return preparer who prepares and files federal income tax returns for customers in Baton Rouge, Louisiana. Peters has been preparing returns since at least 2004. Peters began her career at Dixon's Tax Service ("Dixon's") in Baton Rouge, Louisiana, where she started as an office manager in 2002 and subsequently learned how to prepare income tax returns.

7. Peters prepared federal income tax returns at Dixon's from approximately 2004 until 2006, when she started a new business, Jasmine's & Melissa's Tax Service. Peters prepared income tax returns at Jasmine's & Melissa's Tax Service with co-defendant Edwards.

8. Melissa M. Edwards is a tax return preparer who prepares and files federal income tax returns for customers in Baton Rouge, Louisiana. Edwards has been preparing tax returns since at least 2005.

9. In 2004 and 2005, Edwards worked at Dixon's Tax Service, where she met co-defendant Peters. In 2006, Edwards began preparing federal income tax returns with co-defendant Peters at Jasmine's & Melissa's Tax Service. Peters taught Edwards how to prepare tax returns, and Edwards used a free copy of Drake Software to "practice" preparing tax returns.

10. Peters and Edwards prepared federal income tax returns at Jasmine's & Melissa's Tax Service from 2006 through at least 2010.

11. As detailed more fully below, since at least 2006, Peters and Edwards have employed several blatantly fraudulent tax schemes to understate their customers' tax liability, and to obtain significant refunds for customers. These fraudulent schemes include, but are not limited to, illegally manipulating the amount of their customers' income, fabricating bogus "expenses" and manufacturing false "losses" for their customers.

### **The Defendants' Fraudulent Tax Preparation Activities**

12. The IRS examined over 100 federal income tax returns prepared by Peters and Edwards for the tax years 2006, 2007, 2008 and 2009. In so doing, the IRS learned that Peters and Edwards engaged in a pattern and practice of filing federal income tax returns that contain patently false information. Because Peters and Edwards are responsible for preparing and filing all aspects of their customers' tax returns, they are able to illegally manipulate the amount of their customer's income, fabricate bogus "expenses" and manufacture false "losses" to obtain a refund for their customers based on the Earned Income Tax Credit without their customers' full knowledge and understanding.

13. The IRS investigation revealed that Peters and Edwards repeatedly prepared and filed, and continue to prepare and file as recently as 2010, erroneous federal income tax returns on behalf of their customers claiming false losses or expenses and inflated income amounts even though they were aware that their customers were being audited by the IRS as a result of their tax schemes.

14. The Earned Income Tax Credit ("EITC") is a refundable federal income tax credit for low to moderate income working individuals and families. To qualify for the EITC, taxpayers must have income below certain specified levels, which generally are tied to the

taxpayer's marital status and whether he or she has children. For example, in 2009, in order to qualify for EITC the earned income limits were as follows:

(i) if you do not have a qualifying child, earned income must be below \$13,440 (\$18,440 for married filing jointly); or (ii) if you have one qualifying child, earned income must be below \$35,463 (\$40,463 for married filing jointly); or (iii) if you have two qualifying children, earned income must be below \$40,295 (\$45,295 for married filing jointly); or (iv) if you have three or more qualifying children, earned income must be below \$43,279 (\$48,279 for married filing jointly). *See* IRS Pub. 596 (2009).

15. To implement their tax-fraud scheme, Peters and Edwards illegally adjust their customers' earned income so that the customers qualify for the EITC and receive a tax refund. More specifically, when engaging Peters and Edwards' services, customers are required to fill out a questionnaire asking about their particular circumstances, and to leave their W-2s and 1099s with Peters and Edwards. Based on the responses to the questionnaire, Peters and Edwards would, among other things, fabricate bogus "expenses" and manufacture false "losses" so that their customers' earned income was low enough to qualify for the EITC. Peters and Edwards did not review the tax returns with their customers.

16. Peters and Edwards direct and coordinate all aspects of the preparation and filing of their customers' federal income tax returns and are responsible for the fraudulent schemes described in this complaint.

### **Specific Examples of Defendants' Malfeasance**

17. As discussed above, the crux of Peters and Edwards' scheme is to fraudulently claim the EITC for their customers in order to obtain a refund for them. To do this, Peters and Edwards illegally manipulate the amount of their customer's income, fabricate bogus "expenses" and manufacture false "losses." For example:

- a. Cynthia Peters prepared the 2006 and 2007 federal income tax returns for Tonya Collins of Baton Rouge, Louisiana. When preparing Ms. Collins's 2006 and 2007 federal income tax returns, Peters falsely claimed that Ms.

Collins had a “tutoring business.” Peters fabricated bogus Schedule C losses of \$29,350 in 2006 and \$34,351 in 2007 supposedly incurred by the fictitious tutoring business to reduce Ms. Collins’s earned income so she qualified for the EITC and thereby obtained a larger tax refund. Ms. Collins does not own a tutoring business and the losses on her Schedule C were manufactured solely by Peters. The IRS disallowed the bogus losses in full.

- b. Cynthia Peters prepared the 2007 and 2008 federal income tax returns for Angela Dukes of Baton Rouge, Louisiana. When preparing Ms. Dukes’ 2006 and 2007 federal income tax returns, Peters falsely claimed that Ms. Dukes had a “gift basket” business. Peters then manufactured Schedule C losses for Ms. Dukes for a supposed “gift basket” business that did not exist. Bogus Schedule C losses of \$8,244 in 2007 and \$5,257 in 2008 were manufactured by Peters as supposedly incurred by the fictitious gift basket business to reduce Ms. Dukes’ earned income so that she qualified for the EITC and thereby obtained a larger tax refund. Ms. Dukes does not own a gift basket business and the losses on her Schedule C were manufactured solely by Peters. The IRS disallowed the bogus losses in full.
- c. Melissa Edwards prepared the 2006 and 2007 federal income tax returns for Lonese Oubre of Lafayette, Louisiana. Ms. Oubre told Edwards that she liked to bake pies as a hobby. Edwards then prepared Ms. Oubre’s tax returns and falsely claimed that Oubre had incurred losses from a supposed “baking” business. Bogus Schedule C losses of \$20,009 in 2006 and \$26,261 in 2007 were manufactured by Edwards to reduce Ms. Oubre’s earned income to qualify her for the EITC so she obtained a larger tax refund. Ms. Oubre does not own a baking business and the losses on her Schedule C were manufactured solely by Edwards. The IRS disallowed the bogus losses in full.
- d. Melissa Edwards prepared the 2007 federal income tax return for Laurice Derozan of Prairieville, Louisiana. Ms. Derozan was employed for part of the 2007 tax year as a social worker at Beginners Mind where she was paid wages reported on her W-2. When Edwards prepared Ms. Derozan’s 2007 federal income tax return, she falsely claimed that Derozan had incurred Schedule C losses as a result of her job as a social worker. Edwards manufactured \$14,106 of bogus losses for Derozan to reduce her earned income and qualify her for the EITC so she obtained a larger tax refund. Ms. Derozan incurred no losses associated with her position as a social worker and the losses claimed on her Schedule C were manufactured solely by Edwards. The IRS disallowed the bogus losses in full.

**Peters and Edwards Were Indicted For and Pled Guilty to Aiding in the Preparation of False Tax Returns**

18. Peters and Edwards' history of preparing fraudulent income tax returns dates back to the 2006 tax year. In preparing their customers' 2006 federal income tax returns, Peters and Edwards used the Telephone Excise Tax Refund ("TETR") to fraudulently obtain inflated tax refunds for their customers.

19. On March 31, 2010, after a criminal investigation of Peters and Edwards' tax preparation practices, a grand jury in Baton Rouge, Louisiana found that Edwards "did willfully aid and assist in, and procure, counsel, and advise, in the preparation and presentation to the IRS of U.S. Individual Income Tax Returns . . . [and that] the returns were false and fraudulent as to material matters, in that they represented that the taxpayers were entitled under the provisions of the internal revenue laws to claim credits for federal telephone excise tax paid in the amounts specified below, whereas, as the defendant then and there knew, the taxpayers were not entitled to such credits in the claimed amounts." *See U.S. v. Edwards*, Cr. No.10-00046 (M.D. La. 2010) (D.I. No. 1). Edwards was indicted on 10 counts of aiding in the preparation of false tax returns.

20. On September 28, 2010, Edwards pled guilty to one count of aiding in the preparation of false tax returns. Her sentencing currently is scheduled for June 9, 2011.

21. The grand jury made identical findings with respect to Peters' fraudulent use of the telephone excise tax refund and she was indicted on seven counts of aiding in the preparation of false tax returns on March 31, 2010. *See U.S. v. Peters*, Cr. No.10-00045 (M.D. La. 2010) (D.I. No. 1).

22. On September 29, 2010, Peters pled guilty to one count of aiding in the preparation of false tax returns. On April 26, 2011, Peters was sentenced to 27 months in federal prison.

**Continual and Repeated Nature of the Defendants' Fraudulent Conduct**

23. The scope of Peters and Edwards' misconduct is wide-ranging. The IRS conservatively estimates that Peters and Edwards have prepared over 1,300 federal income tax returns for customers from 2007 through 2010.

24. Moreover, Peters and Edwards have not meaningfully curtailed their improper conduct, even with increased IRS scrutiny of their activities in the past few years. Peters and Edwards were aware of the IRS's investigation of their fraudulent activities during the 2009 filing season. Yet, Peters and Edwards continue to falsely insist that their tax-fraud schemes are a legal way to reduce earned income and generate refunds for their customers. Indeed, as recently as 2010, Edwards and Peters continued to file returns claiming bogus "losses" in order to qualify their customers for the EITC and increase their customers' tax refunds.

### **Harm to the United States**

25. Since at least 2006, Peters and Edwards have engaged in a pattern and practice of preparing and filing false federal income tax returns for customers, including but not limited to the fraudulent schemes described above.

26. The fraudulent returns filed by Peters and Edwards have caused and continue to cause substantial harm to the Government by fraudulently reducing their customers' reported tax liabilities, helping taxpayers evade taxes, and by obstructing the IRS's efforts to administer the federal tax laws.

27. The magnitude of lost tax revenue caused by Peters and Edwards' fraudulent conduct is enormous. The IRS believes that over 1,300 tax returns have been prepared by Peters and Edwards from 2007 – 2010. The IRS calculated an average tax deficiency of \$7,340 per tax return for the 836 tax returns prepared by Peters in the years 2007 - 2010. Additionally, the IRS calculated an average tax deficiency of \$4,979 per tax return for the 549 tax returns prepared by Edwards in the years 2007 - 2010. The IRS estimates that the total combined harm to the government exceeds \$7 million in lost tax revenue.

28. The United States also is harmed because the IRS must continually devote limited resources to detecting and examining inaccurate returns filed by Peters and Edwards, and to attempting to assess and collect unpaid taxes, and to investigating their conduct.



29. Peters' conduct described in this complaint establishes that: (1) her fraudulent returns have caused and continue to cause an immense amount of harm to the United States and the public fisc; (2) Peters is responsible for the preparation and filing of her customers' income tax returns; (3) Peters prepares, procures, or advises with respect to the preparation of documents knowing (or having reason to believe) that they will be used in connection with material tax matters, and knowing that if they are so used they will result in understatements of customers' federal tax liabilities; (4) Peters' fraudulent deductions continue despite the IRS's investigation of her improper conduct; (5) Peters insists that she is doing nothing wrong; and (6) Peters is in a position vis-a-vis Jasimine's & Melissa's Tax Service to continue her fraudulent tax deductions.

30. Edwards' conduct described in this complaint establishes that: (1) her fraudulent returns have caused and continue to cause an immense amount of harm to the United States and the public fisc; (2) Edwards is responsible for the preparation and filing of her customers' income tax returns; (3) Edwards prepares, procures, or advises with respect to the preparation of documents knowing (or having reason to believe) that they will be used in connection with material tax matters, and knowing that if they are so used they will result in understatements of customers' federal tax liabilities; (4) Edwards' fraudulent deductions continue despite the IRS's investigation of her improper conduct; (5) Edwards insists that she is doing nothing wrong; and (6) Edwards is in a position vis-a-vis Jasimine's & Melissa's Tax Service to continue her fraudulent tax deductions.

**COUNT I: Injunction Under I.R.C. § 7407 For Violation of I.R.C. § 6694**

31. The United States incorporates by reference the allegations in paragraphs 1-30.

32. Section 7407 of the Internal Revenue Code authorizes a district court to enjoin a tax return preparer from specified misconduct (which is described in I.R.C. §§ 6694 and 6695, and I.R.C. § 7407 itself) if the court finds that the preparer has engaged in such conduct and injunctive relief is appropriate to prevent the recurrence of such conduct. Additionally, if the

court finds that a preparer has continually or repeatedly engaged in such conduct, and the court finds that a narrower injunction (i.e., prohibiting only specific enumerated conduct) would not be sufficient to prevent that person's interference with the proper administration of the internal revenue laws, the court may enjoin the person from acting as a federal income tax return preparer.

33. For returns prepared on or before May 25, 2007, I.R.C. § 6694(a) provided that a tax return preparer is subject to penalty if she prepares a return or claim for refund understating a customer's tax liability based on a position for which there is no realistic possibility of the position being sustained on the merits, and the preparer knew or should have known of the position.

34. For returns prepared after May 25, 2007, I.R.C. § 6694(a) provides that a tax return preparer is subject to penalty if she prepares a return or claim for refund understating a customer's tax liability based on a position for which there was not a reasonable belief that the position would more likely than not be sustained on the merits, and the preparer knew or should have known of the position.

35. I.R.C. § 6694(b) penalizes a tax return preparer for a willful attempt in any manner to understate the liability for tax on the return or claim, and for a reckless or intentional disregard of internal revenue rules or regulations.

36. I.R.C. § 7701(a)(36) defines a "tax return preparer" as a person who prepares for compensation or who employs one or more persons to prepare for compensation, any return or a substantial portion thereof.

37. Peters and Edwards are tax return preparers.

38. Peters and Edwards willfully prepared tax returns for customers that they knew contained false and grossly inflated claims. They knew that these false deductions, losses, and expenses would understate their customers' tax liability.

39. Peters and Edwards knew or should have known that the returns they prepared for their customers contained claims of which they knew or should have known and for which there was no realistic possibility of being sustained on the merits (for returns prepared prior to and including May 25, 2007) or for which there could not have been a reasonable belief that the position would more likely than not be sustained on the merits (for returns prepared after May 25, 2007). Peters and Edwards fabricated these claims and their supporting documentation. There could be no possibility that these false deductions, losses, and expenses would be sustained on the merits because they were fabricated.

40. Preparing federal income tax returns that willfully understate the taxpayer's liability and that contain unrealistic or unreasonable and frivolous positions subjects Peters and Edwards to penalty under I.R.C. § 6694.

41. I.R.C. § 7407 authorizes a district court to enjoin a tax return preparer from engaging in conduct subject to penalty under I.R.C. § 6695.

42. Anything less than a complete bar on the preparing of returns is unlikely to stop Peters and Edwards. Peters and Edwards' record of deceit and fraud shows there is a high likelihood that they will continue their schemes if they are merely barred from filing improper returns.

**COUNT II: Injunction Under I.R.C. § 7408 For Engaging in Conduct Subject to Penalty Under I.R.C. § 6701**

43. The United States incorporates by reference the allegations contained in paragraphs 1 through 42.

44. I.R.C. § 7408(a) authorizes a district court to enjoin persons and entities who have engaged in conduct subject to penalty under I.R.C. §§ 6700 and 6701.

45. Section 6701 imposes a penalty: (1) on a person who aids, assists, procures, or advises with respect to the preparation or presentation of any portion of a tax return, claim, or other document ("portion"); (2) when that person knows or has reason to know that such portion

will be used in connection with a material matter arising under federal tax law; and (3) that person knows that such portion (if used) would result in an understatement of the liability for the tax of another person.

46. Peters and Edwards' conduct is subject to penalty under I.R.C. § 6701. Peters and Edwards prepare and file tax returns on behalf of the customers who illegally obtained increased refunds as a result of their fraudulent qualification for EITC.

47. As tax return preparers, Peters and Edwards know or have reason to know that the tax returns that they draft and prepare will be used as to material matters under federal tax law. Additionally, as tax return preparers, Peters and Edwards know that the returns they prepare will result in an understatement of tax liability because Peters and Edwards know that the deductions, losses and expenses on the returns they prepared were fabricated.

48. Accordingly, Peters and Edwards' conduct in connection with their preparation and filing of false income tax returns is subject to penalty under I.R.C. § 6701.

49. These schemes have caused and continue to cause substantial harm to the Government by fraudulently reducing their customer's reported tax liabilities, helping taxpayers evade taxes, and by obstructing the IRS's efforts to administer the federal tax laws.

50. The magnitude of lost tax revenue caused by Peters and Edwards' fraudulent conduct is enormous. The IRS has over 1,300 tax returns that have been audited or are in the process of being audited as a result of Peters and Edwards' illegal conduct. The IRS estimates that the harm to the government exceeds \$7,000,000 in lost tax revenue.

51. The United States also is harmed because the IRS must continually devote limited resources to detecting and examining inaccurate returns filed by Peters and Edwards, and to attempting to assess and collect unpaid taxes.

52. An injunction against Peters and Edwards is necessary and appropriate to prevent the recurrence of their conduct, subjecting them to penalty under I.R.C. §§ 6700 and 6701, and for engaging in any other conduct subject to penalty under the Internal Revenue Code.

**COUNT III: Injunction Under I.R.C. § 7402 for Unlawful Interference  
with the Enforcement of the Internal Revenue Laws**

53. The United States incorporates by reference the allegations contained in paragraphs 1 through 52.

54. I.R.C. §7402(a) authorizes a court to issue orders of injunction as may be necessary or appropriate for the enforcement of the internal revenue laws, even if the United States has other remedies available for enforcing those laws.

55. Peters and Edwards' activities described above substantially interfere with the enforcement of the internal revenue laws by preparing and filing numerous fraudulent tax returns that result in customers not paying their true federal income tax liabilities.

56. An injunction prohibiting Peters and Edwards from preparing or assisting in the preparation of tax returns is needed to stop the filing of fraudulent tax returns and to prohibit them from otherwise interfering with the proper administration and enforcement of the internal revenue laws.

57. Unless enjoined by this Court, Peters and Edwards are likely to continue to engage in illegal conduct.

58. If Peters and Edwards are not enjoined, the United States will suffer irreparable harm from the underpayment of tax liability, the exhaustion of resources to enforce the internal revenue laws, and the losses caused by Peters and Edwards' actions will continue to increase.

59. While the United States will suffer substantial, irreparable injury if Peters and Edwards are not enjoined, Peters and Edwards will not be greatly harmed by being compelled to obey the law.

60. The public interest would be advanced by enjoining Peters and Edwards because an injunction will stop their illegal conduct and the harm that conduct is causing the United States Treasury and the public.

61. An injunction under I.R.C. § 7402 is necessary and appropriate, and the United States is entitled to injunctive relief under I.R.C. § 7402. The injunction, as detailed below,

should bar Peters and Edwards, and anyone acting in concert with them, from preparing or filing tax returns for others, representing customers before the IRS, and from otherwise engaging in conduct that interferes with the proper administration of the internal revenue laws.

### **Relief Sought**

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

A. That this Court find that Peters and Edwards engaged in conduct subject to penalty under I.R.C. § 6701 and that injunctive relief under I.R.C. § 7408 is appropriate to prevent a recurrence of that conduct.

B. That this Court find that Peters and Edwards engaged in conduct substantially interfering with the administration and enforcement of the internal revenue laws and that injunctive relief is appropriate to prevent a recurrence of that conduct under 26 U.S.C. § 7402(a).

C. That this Court, pursuant to 26 U.S.C. §§ 7402 and 7408, enter a permanent injunction prohibiting Peters and Edwards, individually and through any other name or entity, and their representatives, agents, servants, employees, attorneys, accountants and those persons in active concert or participation with them, 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 or amended returns for any person or entity other than each defendant preparing her own personal tax return;
- b. Preparing or filing, or assisting in the preparation or filing of tax returns or other related forms or documents for others;
- c. Appearing as a representative on behalf of any person or entity before the IRS;
- d. Owning, managing, controlling, working for, or volunteering for a tax-return-preparation business;
- e. Seeking permission or authorization (or helping or soliciting others to seek permission or authorization) to file tax returns with an IRS Preparer Tax Identification Number (“PTIN”) and/or IRS E-File programs, or any other IRS service or program by which one prepares or files tax returns;

- f. Engaging in conduct subject to penalty under I.R.C. § 6701, including preparing or assisting in the preparation of, or advising with respect to a document related to a material matter under the internal revenue laws that includes a position that Edwards and/or Peters know will, if used, result in an understatement of tax liability;
- g. Engaging in conduct subject to penalty under any provision of the Internal Revenue Code;
- h. Engaging in conduct designed or intended to, or having the effect of, obstructing or delaying an IRS investigation or audit; and
- i. Engaging in any other conduct that interferes with the proper administration and enforcement of the internal revenue laws.

D. That the Court, pursuant to I.R.C. § 7402, enter an injunction requiring Peters and Edwards to produce to counsel for the United States a list identifying (by name, address, e-mail address, phone number, and Social Security or other tax identification number) all of the customers who, for any of the tax years 2006 to the present, have used the tax planning and/or tax preparation services of Peters and Edwards and/or their businesses as they are known under any of their names, including Jasmine's and Melissa's Tax Service, and to file with the Court, within 20 days of the date on which the permanent injunction is entered, a certification signed under penalty of perjury that they have done so;

E. That the Court, pursuant to I.R.C. § 7402, enter an injunction requiring Peters and Edwards at their own expense to contact by mail (or by e-mail, if a mailing address is unknown) all of their customers related to any of their tax planning and/or tax preparation services and inform those individuals of the Court's findings concerning the falsity of their prior representations and attach a copy of the permanent injunction, and to file with the Court, within 20 days of the date on which the permanent injunction is entered, a certification signed under penalty of perjury that they have done so;

F. That the Court allow the United States full post-judgment discovery to monitor compliance with the injunction;

G. That the Court retain jurisdiction over this action for purpose of implementing and enforcing the final judgment and any additional orders necessary and appropriate to the public interest; and

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

Dated this 2nd day of May, 2011.

Respectfully submitted,

DONALD J. CAZAYOUX, JR.  
United States Attorney

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# CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

**I. (a) PLAINTIFFS**  
 The United States of America

**(b)** County of Residence of First Listed Plaintiff \_\_\_\_\_  
 (EXCEPT IN U.S. PLAINTIFF CASES)

**(c)** Attorney's (Firm Name, Address, and Telephone Number)  
 John J. Gaupp, Assistant United States Attorney, 777 Florida St., Ste. 208  
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**DEFENDANTS**  
 Cynthia Marie Peters and Melissa Michelle Edwards d/b/a Jasmine's & Melissa's Tax Service

County of Residence of First Listed Defendant East Baton Rouge  
 (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

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**II. BASIS OF JURISDICTION** (Place an "X" in one Box Only)

1 U.S. Government Plaintiff

2 U.S. Government Defendant

3 Federal Question (U.S. Government Not a Party)

4 Diversity (Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES** (Place an "X" in One Box for Plaintiff and One Box for Defendant)  
 (For Diversity Cases Only)

Citizen of This State	PTF <input type="checkbox"/> 1	DEF <input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	PTF <input type="checkbox"/> 4	DEF <input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

**IV. NATURE OF SUIT** (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<b>PERSONAL INJURY</b> <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <b>FEDERAL TAX SUITS</b> <input checked="" type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
<b>REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<b>CIVIL RIGHTS</b> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<b>PRISONER PETITIONS</b> <input type="checkbox"/> 510 Motions to Vacate Sentence <b>Habeas Corpus:</b> <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act <b>IMMIGRATION</b> <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions		

**V. ORIGIN** (Place an "X" in One Box Only)

1 Original Proceeding

2 Removed from State Court

3 Remanded from Appellate Court

4 Reinstated or Reopened

5 Transferred from another district (specify)

6 Multidistrict Litigation

7 Appeal to District Judge from Magistrate Judgment

**VI. CAUSE OF ACTION**

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):  
26 U.S.C. 6694, 6701 and 7402

Brief description of cause:  
Complaint for injunction and other relief to stop defendants' fraudulent tax preparation.

**VII. REQUESTED IN COMPLAINT:**

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

**DEMAND \$** \_\_\_\_\_

CHECK YES only if demanded in complaint:  
**JURY DEMAND:**  Yes  No

**VIII. RELATED CASE(S) IF ANY** (See instructions): JUDGE \_\_\_\_\_ DOCKET NUMBER \_\_\_\_\_

DATE: 05/02/2010

SIGNATURE OF ATTORNEY OF RECORD: \_\_\_\_\_

**FOR OFFICE USE ONLY**

RECEIPT # \_\_\_\_\_ AMOUNT \_\_\_\_\_ APPLYING IFF \_\_\_\_\_ JUDGE \_\_\_\_\_ MAG. JUDGE \_\_\_\_\_