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8 **IN THE UNITED STATES DISTRICT COURT**
9 **FOR THE DISTRICT OF NEVADA**

10 UNITED STATES OF AMERICA,

11 Plaintiff,

12 v.

13 MICHEL MORENO and
14 AWESOME TAX LLC,

15 Defendants.
16

Case No. 2:24-cv-00538

**COMPLAINT FOR PERMANENT
INJUNCTION AND OTHER
EQUITABLE RELIEF**

17 The United States of America, by and through its undersigned counsel, complains and
18 alleges as follows:

19 1. This is a civil action brought by the United States under 26 U.S.C. §§ 7402, 7407,
20 and 7408 to enjoin Defendants Michel Moreno and Awesome Tax LLC, and anyone in active
21 concert or participation with them, from:

22 a. acting as a federal tax return preparer or requesting, assisting in, or
23 directing the preparation or filing of federal tax returns, amended returns, or other related
24 documents or forms for others;

25 b. preparing or assisting in preparing or filing federal tax returns, amended
26 returns, or other related documents or forms that Defendants know or reasonably should
27

1 know will result in an understatement of federal tax liability or the overstatement of tax
 2 refunds as prohibited by 26 U.S.C. § 6694;

3 c. owning, operating, managing, controlling, working for, profiting from, or
 4 volunteering for any business or entity engaged in tax return preparation;

5 d. training, instructing, teaching, and creating or providing cheat sheets,
 6 memoranda, directions, instructions, or manuals, pertaining to the preparation of federal
 7 tax returns;

8 e. using, maintaining, holding, renewing, obtaining, transferring, selling, or
 9 assigning any Preparer Tax Identification Numbers (“PTINs”), Electronic Filing
 10 Identification Numbers (“EFINs”), or any other federally issued identification number in
 11 order to file or remit federal income tax returns for other persons or entities;

12 f. engaging in any activity subject to penalty under 26 U.S.C. §§ 6694, 6695,
 13 6701, or any other penalty provision in the Internal Revenue Code; and

14 g. engaging in any conduct that substantially interferes with the proper
 15 administration and enforcement of the internal revenue laws.

16 JURISDICTION AND VENUE

17 2. This action has been requested by the Chief Counsel of the Internal Revenue
 18 Service, a delegate of the Secretary of the Treasury, and commenced at the direction of a
 19 delegate of the Attorney General, pursuant to the provisions of 26 U.S.C. §§ 7402(a), 7407, and
 20 7408.

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

23 4. Venue is proper in this Court under 28 U.S.C. § 1391 and 26 U.S.C. §§ 7407 and
 24 7408 because Defendants reside and operate in this judicial district and a substantial part of the
 25 actions giving rise to this suit took place within this judicial district.

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DEFENDANTS

5. Defendant Moreno resides in Las Vegas, Nevada, and he operates his business, Defendant Awesome Tax LLC, in Las Vegas, Nevada, which are both within the jurisdiction of this Court.

6. Defendant Moreno is a paid federal tax return preparer doing business through Defendant Awesome Tax LLC.

7. Defendant Moreno, who has a degree in economics from Havana University in Cuba, has been preparing federal tax returns since 2011.

8. Defendant Moreno went to trainings presented by Latino Tax Pro to learn about tax preparation.

9. From 2011 to 2017, Defendant Moreno prepared returns as an employee of Global Services and Elias Group.

10. Defendant Moreno is the sole owner of Defendant Awesome Tax LLC. Besides offering tax preparation services, Defendant Awesome Tax LLC markets and sells tax preparation software to other tax return preparers.

11. Starting in at least 2018, Defendants Moreno and Awesome Tax LLC prepared returns for Travel All The World a/k/a CA Tax Services, a company which is owned and operated by Carlos Yero.

12. Defendant Moreno and Carlos Yero equally split the tax-preparation income produced by these businesses.

13. On information and belief, Defendant Moreno receives his share of the tax-preparation income through Defendant Awesome Tax LLC. Defendant Awesome Tax LLC received \$166,572 from Travel All the World as non-employee compensation in 2018.

14. Defendant Awesome Tax LLC is a paid tax return preparer. Several individuals prepare returns on behalf of Defendant Moreno and Defendant Awesome Tax LLC (the “Defendants’ employees”).

15. Defendant Moreno reviews every return before it is filed with the IRS.

16. Each of Defendants' employees who prepare returns has their own PTIN—a unique identifier assigned by the IRS to tax preparers.

17. From at least 2016 to the present, Defendant Moreno individually prepared roughly 400 to 500 returns per year and submitted them using a PTIN ending "4844."

18. The chart below shows the total number of known returns the Defendants prepared and filed during processing years 2016 through 2023 (covering tax years ending December 31, 2015 through December 31, 2022) using Defendant Moreno's PTIN:

**Number of Returns Filed
PTIN ending "4844"**

Processing Year	Returns
2016	396
2017	452
2018	473
2019	441
2020	513
2021	457
2022	424
2023 ¹	486

Total: 3,642

19. Returns prepared by Defendant Moreno or one of the Defendants' employees are filed using one of Defendants' EFINs—a unique identifier assigned by the IRS to businesses that file federal tax returns electronically. Defendant Moreno and Defendant Awesome Tax LLC use at least two EFINs (ending "5707" and "4699") to file returns.

DEFENDANTS' ACTIVITIES

20. Since at least 2015, and continuing to the present, Defendants Moreno and Awesome Tax LLC have been engaged in the preparation of tax returns, acting as paid tax return preparers for individuals (sometimes referred herein as "customers").

21. Defendant Moreno has offered tax return preparation services through Defendant Awesome Tax LLC or Travel All The World since 2016.

¹ The data in this table reflects the returns filed as of November 28, 2023.

1 22. Defendant Moreno and Defendant Awesome Tax LLC have continually and
2 repeatedly engaged in conduct subject to penalty under 26 U.S.C. § 6694 in that they have,
3 among other things:

4 a. taken unrealistic and unsustainable positions on customers' tax returns,
5 resulting in understatements of taxes due;

6 b. willfully or recklessly understated the tax due and overstated the refund
7 due on customers' tax returns;

8 c. willfully or recklessly included items on customers' tax returns for which
9 they did not obtain sufficient substantiation; and

10 d. recklessly or intentionally disregarded the rules and regulations pertaining
11 to the preparation of tax returns.

12 23. Defendants Moreno and Awesome Tax LLC have also continually and repeatedly
13 engaged in conduct subject to penalty under 26 U.S.C. § 6695 by failing to comply with
14 regulatory due diligence requirements and by failing to give their customers complete copies of
15 tax returns as required by 26 U.S.C. § 6107(a).

16 24. Defendants have also continually and repeatedly engaged in fraudulent and
17 deceptive conduct which has substantially interfered with the proper administration of the
18 Internal Revenue laws by pocketing overinflated tax refunds as "bank fees" without customers'
19 knowledge.

20 25. To generalize the scheme, Defendants Moreno and Awesome Tax LLC submit
21 fraudulent returns to the IRS overstating the amount of refund due. Defendants then tell their
22 customers that they will receive a smaller refund than the refund amount reported to the IRS and
23 collect as "bank fees" the substantial difference.

24 26. Defendants' conduct impedes the IRS's efficient examination of their customers'
25 tax returns and hinders the customers from properly responding to examination inquiries.

26 27. The IRS has repeatedly informed Defendant Moreno that his conduct is improper
27 and illegal. For example, between December 2013 and September 2016, the IRS sent at least four

1 letters to warn him about his due diligence requirements since the returns prepared by him were
2 highly questionable.

3 28. These warnings have gone unheeded. Defendants Moreno and Awesome Tax
4 LLC continue to prepare improper and illegal tax returns for their customers, despite these
5 warnings.

6 29. In 2018 and 2019, the IRS assessed civil penalties against Defendant Moreno
7 under 26 U.S.C. § 6695(g) for failure to act with due diligence in determining his customers'
8 eligibility for certain credits in the amount of \$69,870 and \$60,690 respectively.

9 **SPECIFIC ALLEGATIONS REGARDING DEFENDANTS' CONDUCT:**
10 **HOW DEFENDANTS' RETURN-PREPARATION SCHEME WORKED**

11 30. At all times relevant here, Defendants' typical customers were, and are, middle-
12 and low-income individual wage earners and self-employed individuals.

13 31. Defendants do not advertise their tax preparation services; they rely instead on
14 repeat customers and new customers sourced through social media.

15 32. Customers are typically referred to Defendants Moreno and Awesome Tax LLC
16 by friends, coworkers, and relatives who have had their tax returns prepared by Defendants.

17 33. Defendants' customers are often from the Cuban community, and many do not
18 speak English.

19 34. For the tax years 2015 through 2022, between 98–99% of the federal income tax
20 returns submitted using Defendant Moreno's PTIN (ending "4844") resulted in a refund.

21 35. Defendant Moreno and the Defendants' employees generally prepare each tax
22 return after only a single meeting or conference with a customer at Defendants' office.

23 36. The Defendants accept customers by appointment and walk-in.

24 37. Typically, when a customer arrives, the customer signs in and completes a
25 questionnaire with questions about filing status and dependents. Defendant Moreno or one of
26 Defendants' tax return preparer employees then reviews the questionnaire and asks the customer
27

1 questions, entering the information into tax-preparation software to complete the customers'
2 return. Some customers, however, did not fill out any questionnaire.

3 38. After the tax return is prepared by Defendant Moreno or one of Defendants' tax
4 return preparer employees, the preparer reviews the return with the client, and, if the client
5 agrees, the client signs the Form 8879 to authorize e-filing. The tax return preparer sometimes
6 did not review the return with their client.

7 39. The client is present when the return is e-filed with the IRS.

8 40. Defendants Moreno and Awesome Tax LLC usually charge \$80 per return.

9 41. Defendants Moreno and Awesome Tax LLC regularly file returns with the IRS,
10 without their customers' knowledge, which willfully inflate the amount of tax refund due on the
11 customers' tax returns and skimmed as "bank fees" a part of this improper refund before
12 remitting the rest to their customers. Defendants were able to collect this "bank fee" because they
13 often used what is referred to as "Bank Products," which is a type of disbursement option for tax
14 refunds whereby the customers' refund is direct deposited at a financial institution that has an
15 agreement with the tax return preparer to receive and disburse the customers' refund.

16 42. Many customers were unaware that the Defendants collected this "bank fee," and
17 did not sign any forms or waivers authorizing Defendants to use any Bank Products or to collect
18 any fee.

19 43. Specifically, Defendants Moreno and Awesome Tax LLC:

20 a. prepared and filed tax returns for their customers (without their
21 knowledge) which overstated the amount of refund due from the IRS;

22 b. advised customers that they are receiving a tax refund in an amount less
23 than what is shown on the filed return, even providing customers with copies of tax
24 returns different than the ones filed;

25 c. used Bank Products, often without their customers' assent or knowledge,
26 to route their customers' refund through a bank account where the Defendants could
27 collect certain fees; and

1 d. pocketed as “bank fees” the substantial difference between the amount of
2 refund reported to the IRS and customers.

3 44. The amount collected as “bank fees” was around \$300 to \$800 per return, but
4 could even be as high as around \$1,600.

5 45. This “bank fee” was often in addition to the fee directly paid to the Defendants by
6 Defendants’ customers to prepare their tax returns.

7 46. Defendants Moreno and Awesome Tax LLC often included information on their
8 customers’ tax returns which Defendants knew, or reasonably should have known, was false or
9 inaccurate in order to overstate the amount of refund due from the IRS.

10 47. In preparing customers’ tax returns, Defendants Moreno and Awesome Tax LLC
11 failed to exercise due diligence in determining the eligibility of taxpayers to claim Earned
12 Income Credits, Child Tax Credits, and American Opportunity Tax Credits.

13 48. Specifically, Defendants Moreno and Awesome Tax LLC:

14 a. included Earned Income Credits, Child Tax Credits, and American
15 Opportunity Tax Credits on customers’ tax returns for which the Defendants knew, or
16 should have reasonably known, customers were ineligible;

17 b. ignored the implications of information furnished to, or known by, them
18 and failed to make reasonable inquiries into information that a reasonable and well-
19 informed tax return preparer knowledgeable in the law would conclude is incorrect,
20 inconsistent, or incomplete;

21 c. failed to contemporaneously document in their files any inquiries made
22 and the responses to those inquiries; and

23 d. failed to collect and maintain records substantiating the clients’ eligibility
24 for, and the Defendants’ computation of, Earned Income Credits, Child Tax Credits, and
25 American Opportunity Tax Credits reported on their customers’ tax returns.

26 49. Defendants Moreno and Awesome Tax LLC often failed to furnish a copy of the
27 tax return filed with the IRS to their customers as required by 26 U.S.C. § 6107(a).

1 50. Defendants Moreno's and Awesome Tax LLC's preparation of tax returns goes
2 beyond neglect and insufficient verification. Tax returns filed by Defendants are riddled with
3 errors and fabrications. Among other things, Defendants:

4 a. filed returns with the wrong filing status and, on customers' returns,
5 claimed as their customers' dependents individuals who were not dependents;

6 b. claimed credits on their customers' tax returns for which the customer was
7 ineligible, including claiming Residential Energy Credits and education credits for
8 customers who did not qualify;

9 c. improperly included nondeductible personal expenses (e.g., home repairs
10 and car registration fees) as "Other taxes" on Schedule A (Itemized Deductions);

11 d. reported charitable contributions on their customers' tax returns on
12 Schedule A (Itemized Deductions) which were larger than the amount of charitable
13 contributions actually made by their customers; and

14 e. inflated or fabricated business income and deductions on their customers'
15 tax returns on Schedule C (Profit or Loss from Business).

16 51. By preparing their customers' returns in this way, Defendants Moreno and
17 Awesome Tax LLC fraudulently claim tax credits and claim bogus deductions to fraudulently
18 reduce their customers' tax liability, which often results in an improper refund being issued to
19 these customers by the IRS.

20 52. When preparing returns, Defendants Moreno and Awesome Tax LLC also alter
21 tax return information provided by customers without those customers' knowledge or consent.

22 53. Some of Defendants Moreno and Awesome Tax LLC's customers have noticed
23 this misconduct and have filed formal complaints with the IRS. In their complaints, customers
24 have noted that the tax return provided to them by Defendants Moreno and Awesome Tax LLC
25 showed a refund different, and substantially less, than the refund reported to the IRS by the
26 Defendants.

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SPECIFIC CUSTOMERS' EXPERIENCES

54. One Customer ("Customer 1") used Defendants Moreno and Awesome Tax LLC to prepare his tax returns for at least three years, including 2018 and 2019. Customer 1's 2018 and 2019 tax returns prepared by Defendant Moreno are filled with errors and fraudulent entries that resulted in an improper understatement of Customer 1's tax liabilities and thus an improper refund. In addition, based on the amount of refund issued to Customer 1 and the refund requested on the return, Customer 1's refund was largely pocketed by Defendants Moreno and Awesome Tax LLC as "bank fees."

a. **Improper Filing Status.** Defendants Moreno and Awesome Tax LLC never asked Customer 1 if he was married, but, nonetheless, filed Customer 1's tax returns with Head of Household status elected. Customer 1 was ineligible to file as head of household because he was married and lived with his wife. Customer 1 was unaware that Defendants Moreno and Awesome Tax filed his tax returns with head of household elected.

b. **Bogus Education Credits.** Customer 1's 2018 tax return prepared by Defendants Moreno and Awesome Tax LLC includes a credit for qualified education expenses. But Customer 1 did not attend any educational institution that year and had never heard of the educational institution noted on the return. Customer 1 did not discuss education expenses with Defendant Moreno when preparing his return and did not know the credit was included on his return.

c. **Improper "Bank Fees".** Customer 1 paid Defendants Moreno and Awesome Tax LLC \$70 in cash for the preparation of each of his returns. Defendants Moreno and Awesome Tax LLC gave Customer 1 a copy of his returns, but these returns differed from the ones filed with the IRS. Defendants Moreno and Awesome Tax LLC filed Customer 1's 2018 income tax return requesting a refund of about \$6,200, but Customer 1 only received a refund of about \$5,500. In 2019, Defendants Moreno and Awesome Tax LLC filed Customer 1's 2019 income tax return requesting a refund of

1 around \$5,700, but Customer 1 only received a refund of about \$5,000. Defendants
2 Moreno and Awesome Tax LLC likely pocketed the nearly \$1,400 difference between
3 these amounts as “bank fees.”

4 55. Another customer (“Customer 2”) used Defendants Moreno and Awesome Tax
5 LLC to prepare their tax returns for 2018 and 2019. Customer 2 paid \$60–70 in cash or debit for
6 preparation of her tax returns. Customer 2 brought her W-2, list of charities and deductions,
7 timeshare payments, and business papers to Defendants Moreno and Awesome Tax LLC to
8 prepare her tax return. Customer 2’s 2018 and 2019 tax returns filed by Defendants Moreno and
9 Awesome Tax LLC are riddled with errors and fabrications.

10 a. **False Energy Credit.** Customer 2’s 2018 and 2019 tax returns claimed
11 Residential Energy Credits. But Customer 1 did not have a conversation with Defendants
12 Moreno or Awesome Tax LLC about the purchase or deduction of solar or other
13 renewable energy equipment.

14 b. **Bogus Itemized Deductions.** Defendants Moreno and Awesome Tax LLC
15 filed Customer 2’s tax returns with improper deductions included on Schedule A
16 (Itemized Deductions). Specifically, Customer 2 did not own a home and did not pay any
17 property taxes. Nevertheless, Defendants Moreno and Awesome Tax LLC filed Customer
18 2’s tax returns with property taxes reported on her Schedule A.

19 56. Another customer (“Customer 3”) used Defendants Moreno and Awesome Tax
20 LLC to prepare her 2018 tax return. She had used these Defendants to prepare her returns in the
21 past but refused to continue to use them for preparation of her tax returns after 2018 because the
22 Defendants’ improper preparation of her tax return had caused her to be unable to qualify for a
23 loan to buy her dream home.

24 a. **Fabricated Business Losses.** Defendants Moreno and Awesome Tax
25 included a business loss of around \$10,000 on Customer 3’s 2018 tax return, but
26 Customer 3 did not have a business and did not authorize the Defendants to include any
27 business loss on her return.

57. Defendants Moreno and Awesome Tax LLC's misconduct has continued to the present. A customer ("Customer 4") went to Defendants Moreno and Awesome Tax LLC to have their 2022 tax return prepared. This return indicates that the Defendants continue to use the same abusive schemes to improperly understate their customers' tax liabilities.

a. **Bogus Itemized Deductions.** Customer 4's 2022 tax return includes a Schedule A (Itemized Deductions) with improper personal expenses taken as deductions on the "Other taxes" line. Specifically, here the Schedule A reports nearly \$12,000 in "Other taxes." This amount is made up of nearly \$5,000 in "INSURANCE," over \$3,5000 in "MEALS," and about \$3,000 in "UTILITIES." These are not proper deductions under 26 U.S.C. § 262(a).

HARM TO THE UNITED STATES OF AMERICA

58. **Direct Financial Harm.** Defendants Moreno and Awesome Tax LLC's conduct harms taxpayers and the United States because their customers are underreporting and underpaying their tax liabilities. The IRS conducted an analysis of the returns filed by Defendants Moreno and Awesome Tax LLC for the 2018 and 2019 tax years and estimated that the lost tax revenues for these years alone was over \$2.7 million.

a. **2018.** The IRS estimates that Defendants Moreno and Awesome Tax LLC caused over \$1.5 million in tax harm for 2018. To make this estimate, the IRS interviewed 46 customers and reviewed their tax returns. Roughly 95.7% (44 of 46 customers reviewed) of the returns examined had errors and fabrications, resulting in an average tax deficiency of \$3,517. The IRS then applied this 95.7% error rate to the 473 returns filed for 2018 using Defendant Moreno's PTIN ending "4844" to estimate that 452 returns were incorrect. Multiplying the average tax deficiency by the 452 returns, the IRS estimated that the harm to the United States for 2018 alone was \$1,589,684.

b. **2019.** The IRS estimates that Defendants Moreno and Awesome Tax LLC caused over \$1.5 million in tax harm for 2019. To make this estimate, the IRS interviewed 41 customers and reviewed their tax returns. Roughly 92.7% (38 of 41

customers reviewed) of the returns examined had errors and fabrications, resulting in an average tax deficiency of \$2,818. The IRS then applied this 92.7% error rate to the 441 returns filed for 2019 using Defendant Moreno's PTIN ending "4844" to estimate that 408 returns were incorrect. Multiplying the average tax deficiency by the 408 returns, the IRS estimated that the harm to the United States for 2019 alone was \$1,149,744.

c. Defendants Moreno and Awesome Tax LLC have continued to prepare and file tax returns exhibiting the same pattern of misconduct. Defendants prepared and filed roughly 900 tax returns for customers for the 2021 and 2022 tax years. The percentage of these returns requesting a refund and claiming Earned Income Tax Credits is substantially similar to the percentages for 2016–2020. The United States will continue to suffer direct financial harm unless and until Defendants Moreno and Awesome Tax LLC stop preparing tax returns for customers.

59. **Undermining Public Confidence and Tax Compliance.** In addition to the direct financial harm due to underpaid tax liability and issuance of erroneous refunds, Defendants Moreno and Awesome Tax LLC's activities undermine public confidence in the administration of the federal tax system and encourage noncompliance with the Internal Revenue laws.

60. **Strain on Limited Resources.** Defendants Moreno and Awesome Tax LLC's conduct further harms the United States because the government must devote its limited resources to investigating Defendants, identifying their customers, ascertaining their customers' correct tax liabilities, recovering any funds erroneously issued, and collecting additional taxes and penalties. This strain is further compounded by the fact that Defendants Moreno and Awesome Tax LLC often file tax returns with the IRS that are different than those discussed with, or provided to, their customers.

HARM TO DEFENDANTS' CUSTOMERS AND OTHER RETURN PREPARERS

61. Defendants Moreno and Awesome Tax LLC's customers have been harmed because they paid the Defendants to prepare proper tax returns. Instead of preparing correct returns, Defendants Moreno and Awesome Tax LLC repeatedly prepare improper returns that

1 understate their customers' tax liabilities and wrongly inflate refunds. As a result of Defendants'
 2 improper actions, their customers may have to file amended returns, undergo audits by the IRS,
 3 or pay unanticipated tax deficiencies.

4 62. Defendants Moreno and Awesome Tax LLC's conduct also harms legitimate tax
 5 return preparers in Nevada because they lose potential clients to Defendants.

6 **COUNT 1: INJUNCTION UNDER 26 U.S.C. § 7407**

7 63. The United States incorporates by reference the allegations contained in
 8 paragraphs 1 through 62 as if set forth here.

9 64. Section 7407 of Title 26 authorizes a district court to enjoin an individual upon a
 10 finding that (1) the individual is a tax return preparer, (2) the preparer's conduct is proscribed in
 11 the statute, and (3) injunctive relief is appropriate to prevent the recurrence of the proscribed
 12 conduct. The proscribed conduct relevant here may fall into either of these two buckets: that the
 13 preparer has "engaged in any conduct subject to penalty under [26 U.S.C. §§ 6694 or 6695]," or
 14 that the preparer has engaged in any "fraudulent or deceptive conduct which substantially
 15 interferes with the proper administration of the Internal Revenue laws." 26 U.S.C.
 16 § 7407(b)(1)(A), (D).

17 65. A return preparer is subject to penalty under section 6694 when he or she prepares
 18 a return that contains an understatement of tax liability or overstatement of a refund that is due
 19 to: (a) an unreasonable position that the return preparer knew or should have known was not
 20 supported by substantial authority, or (b) a willful attempt to understate the liability for tax on
 21 the return, or a reckless or intentional disregard of rules or regulations.

22 66. Section 6695 outlines a long list of conduct that subjects return preparers to
 23 penalty. Two provisions are relevant here. First, section 6695(a) imposes a penalty upon a return
 24 preparer who fails to furnish a completed copy of a tax return to their customer, as required by
 25 26 U.S.C. § 6107(a). Second, section 6695(g) imposes a penalty upon a return preparer who fails
 26 to comply with due diligence requirements in determining customers' eligibility to file as head of
 27 household and to claim education and earned income credits.

1 67. Under section 7407, a district court may permanently enjoin an individual from
2 working or acting as a federal tax preparer if it finds: (1) that the individual has continually or
3 repeatedly engaged in the statutorily proscribed conduct; and (2) that a narrower injunction (i.e.,
4 prohibiting only the proscribed conduct) would not be sufficient to prevent the individual's
5 interference with the proper administration of the Internal Revenue laws.

6 68. Defendant Moreno is a "tax return preparer" within the meaning of 26 U.S.C. §
7 7701(a)(36) because he has been compensated for preparing federal income tax returns.

8 69. Defendant Awesome Tax LLC is a "tax return preparer" within the meaning of 26
9 U.S.C. § 7701(a)(36) because it employs one or more persons to prepare for compensation
10 federal income tax returns.

11 70. Defendants Moreno and Awesome Tax LLC have continually and repeatedly
12 engaged in conduct subject to penalty under 26 U.S.C. § 6694.

13 71. Defendants Moreno and Awesome Tax LLC have taken positions on their
14 customers' tax returns that they knew (or should have known) were unreasonable; willfully
15 attempted to understate their customers' tax liabilities; and recklessly or intentionally
16 disregarded federal rules, laws, and regulations when preparing returns on behalf of their
17 customers, resulting in an understatement of federal tax liabilities for thousands of customers.

18 72. Examples of Defendants Moreno and Awesome Tax LLC's unreasonable conduct
19 subject to penalty under section 6694 include, but is not limited to, fabricating or taking
20 improper itemized deductions, generating false or fraudulent business schedules, and
21 fraudulently claiming tax credits.

22 73. Defendants Moreno and Awesome Tax LLC's continual and repeated violations
23 of section 6694 fall within the proscribed conduct under 26 U.S.C. § 7407(b)(1)(A) and (D), and
24 thus these Defendants are subject to an injunction under section 7407.

25 74. Defendants Moreno and Awesome Tax LLC have also continually and repeatedly
26 engaged in conduct subject to penalty under 26 U.S.C. § 6695. Specifically, Defendants have
27 failed to furnish to their customers completed copies of returns they prepared as required by 26

1 U.S.C. § 6107(a), *see* 26 U.S.C. § 6695(a), and have continuously failed to act with due diligence
2 in determining their customers' eligibility for filing as head of household and claiming certain
3 credits, *see* 26 U.S.C. § 6695(g).

4 75. Defendants Moreno and Awesome Tax LLC's continual and repeated violations
5 of section 6695 fall within the proscribed conduct under 26 U.S.C. § 7407(b)(1)(A) and (D), and
6 thus are subject to an injunction under section 7407.

7 76. If Defendants Moreno and Awesome Tax LLC are not enjoined, they are likely to
8 continue to prepare and file false and fraudulent tax returns. This will result in the United States
9 receiving deficient revenue and having to commit finite and unrecoverable resources to the
10 examination and investigation of Defendants and their customers. If Defendants are not enjoined,
11 their customers will also continue to be subject to unexpected tax liabilities and IRS audits and
12 examinations.

13 77. Defendants Moreno and Awesome Tax LLC's continual and repeated conduct
14 subject to an injunction under 26 U.S.C. § 7407 demonstrates that a narrow injunction
15 prohibiting only specific conduct would be insufficient to prevent their interference with the
16 proper administration of the Internal Revenue laws. The IRS has attempted to curb the
17 Defendants' illegal conduct through written warnings and other outreach efforts and by imposing
18 over \$130,000 in civil penalties against Defendant Moreno for his failure to follow due diligence
19 requirements. But these efforts have not stopped Defendants from continually and repeatedly
20 violating the Internal Revenue laws. Defendants Moreno and Awesome Tax LLC should be
21 permanently enjoined from acting as federal tax return preparers.

22 **COUNT 2: INJUNCTION UNDER 26 U.S.C. § 7408**

23 78. The United States incorporates by reference the allegations contained in
24 paragraphs 1 through 77 as if set forth here.

25 79. Section 7408 of Title 26 authorizes a district court to enjoin any person from,
26 among other things, further engaging in conduct subject to penalty under 26 U.S.C. § 6701.

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1 80. Under 26 U.S.C. § 6701(a), a person is subject to penalty who aids or assists in,
2 procures, or advises with respect to, the preparation of a tax return he knows (or has reason to
3 believe) will result in an understatement of the liability for tax of another person. A person can
4 be subject to penalty under this provision even if the taxpayer for whom the person prepared the
5 return was unaware of the understatement of tax liability. *See* 26 U.S.C. § 6701(d).

6 81. Defendants Moreno and Awesome Tax LLC have continually and repeated
7 engaged in conduct subject to penalty under 26 U.S.C. § 6701(a). The Defendants have aided or
8 assisted in the preparation of hundreds, if not thousands, of tax returns which they knew (or had
9 reason to believe) would be used in connection with a material matter arising under the internal
10 revenue laws, and they knew that the tax returns would result in an understatement of the tax
11 liability of another person.

12 82. Specifically, Defendants knew (or should have known) the tax returns they
13 prepared were filed with the IRS to comply with federal tax laws mandating the filing of tax
14 returns. Defendants also knew that by fabricating or taking improper itemized deductions,
15 generating false or fraudulent business schedules, and fraudulently claiming tax credits on their
16 customers' returns, the returns would result in the understatement of tax liability for those
17 customers. Accordingly, Defendants' continually and repeatedly engaged in conduct subject to
18 penalty under 26 U.S.C. § 6701.

19 83. Defendants Moreno and Awesome Tax LLC's continual and repeated violations
20 of 26 U.S.C. § 6701 fall within the proscribed conduct of 26 U.S.C. § 7408, and thus the
21 Defendants are subject to an injunction under 26 U.S.C. § 7408.

22 84. Defendants Moreno and Awesome Tax LLC's continual and repeated conduct
23 subject to an injunction under 26 U.S.C. § 7408 demonstrates that a narrow injunction
24 prohibiting only specific conduct would be insufficient to prevent their interference with the
25 proper administration of the Internal Revenue laws. The IRS has attempted to curb the
26 Defendants' illegal conduct through written warnings and other outreach efforts and by imposing
27 over \$130,000 in civil penalties against Defendant Moreno for his failure to follow due diligence

requirements. But these efforts have not stopped Defendants from continually and repeatedly violating the Internal Revenue laws. Defendants Moreno and Awesome Tax LLC should be permanently enjoined from acting as federal tax return preparers.

COUNT 3: INJUNCTION UNDER 26 U.S.C. § 7402(a)

85. The United States incorporates by reference the allegations contained in paragraphs 1 through 84 as if set forth here.

86. Section 7402 of Title 26 authorizes a district court to issue orders of injunction that are necessary or appropriate for the enforcement of the Internal Revenue laws.

87. Defendants, through the actions described above, have engaged in conduct that substantially interferes with the enforcement of the Internal Revenue laws by engaging in fraudulent and deceptive conduct and engaging in conduct subject to penalty under 26 U.S.C. §§ 6694, 6695, and 6701.

88. Unless enjoined from preparing tax returns for customers, Defendants Moreno and Awesome Tax LLC are likely to continue to engage in such improper conduct and continue to interfere with the enforcement of the Internal Revenue laws. The IRS has tried less drastic remedies to get Defendants to conform their conduct—such as issuing them several letters alerting them to their potential noncompliance with due diligence requirements and imposing over \$130,000 in civil penalties against Defendant Moreno for his failure to follow due diligence requirements—but Defendants have continued to engage in improper conduct.

89. Defendants Moreno and Awesome Tax LLC's negligent and reckless disregard of the Internal Revenue laws has caused, and will continue to cause (unless enjoined), the United States to suffer irreparable injury by wrongfully providing federal income tax refunds to individuals not entitled to receive them, much of which will never be discovered and recovered. Unless enjoined, the United States will further suffer irreparable harm from devoting substantial, unrecoverable resources and time to auditing the Defendants' customers. There is no adequate remedy at law to compensate the United States for its irreparable injury.

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1 C. That the Court find that Defendants Michel Moreno and Awesome Tax LLC have
2 continually and repeatedly engaged in conduct that substantially interferes with the proper
3 administration of the Internal Revenue laws, and that injunctive relief is appropriate under 26
4 U.S.C. § 7407 to bar them from acting as federal tax return preparers and from further engaging
5 in such conduct;

6 D. That the Court find that Defendants Michel Moreno and Awesome Tax LLC have
7 continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. § 6701, and
8 that injunctive relief is appropriate under 26 U.S.C. § 7408 to bar them from further engaging in
9 conduct subject to penalty under 26 U.S.C. § 6701;

10 E. That the Court find that Defendants Michel Moreno and Awesome Tax LLC have
11 engaged in conduct that substantially interferes with the enforcement of the Internal Revenue
12 laws, and that permanent injunctive relief barring Defendants Michel Moreno and Awesome Tax
13 LLC from acting as federal tax return preparers is appropriate to prevent the recurrence of that
14 conduct pursuant to 26 U.S.C. § 7402(a);

15 F. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter a
16 permanent injunction prohibiting Defendants Michel Moreno and Awesome Tax LLC, and
17 anyone acting in concert or participation with them, from directly or indirectly:

18 1. Acting as a federal tax return preparer, or preparing, directing the
19 preparation of, or assisting in the preparation of federal tax returns, amended tax returns,
20 or other related documents and forms for any other person or entity other than
21 themselves;

22 2. Aiding or assisting in preparing federal tax returns, amended tax returns,
23 or other related documents and forms that Defendants Michel Moreno and Awesome Tax
24 LLC know or reasonably should know will result in the understatement of any tax
25 liability or the overstatement of a federal tax refund;

26 3. Owning, managing, controlling, working for, profiting from, or
27 volunteering for any business or entity engaged in tax return preparation;

1 4. Using an EFIN, EIN, PTIN, SSN, TIN, or any other federally issued
2 identification number that belongs to another person in order to file or remit federal tax
3 returns for other persons or entities;

4 5. Using, maintaining, renewing, obtaining, transferring, selling, or assigning
5 any PTIN(s) or EFIN(s);

6 6. Engaging in any activity subject to penalty under 26 U.S.C. §§ 6694,
7 6695, 6701 or any other penalty provision in the Internal Revenue Code; and

8 7. Engaging in conduct that substantially interferes with the proper
9 administration and enforcement of the Internal Revenue laws and from promoting any
10 false tax scheme.

11 G. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter an
12 injunction requiring Defendants Michel Moreno and Awesome Tax LLC, at their own expense
13 and within thirty (30) days of entry of the injunction, to do the following actions:

14 1. Contact by certified mail, and, if an e-mail address is known, by e-mail,
15 each person or entity for whom Defendants Michel Moreno and Awesome
16 Tax LLC have prepared federal income tax returns since January 1, 2017,
17 to inform them of the permanent injunction entered against the
18 Defendants, including sending a copy of the order of injunction but not
19 enclosing any other documents or enclosures unless agreed to by counsel
20 for the United States or approved by the Court;

21 2. Turn over to the United States a list that identifies by name, social security
22 number, address, e-mail address, telephone number, and tax period(s) all
23 persons or entities for whom Defendants Michel Moreno and Awesome
24 Tax LLC have prepared federal tax returns or claims for refund since
25 January 1, 2017;

26 3. Provide a copy of the Court's order to all of the principals, officers,
27 managers, employees, and independent contractors of their tax return

1 preparation business and provide to counsel for the United States a signed
2 and dated acknowledgement or receipt of the Court's order for each
3 person to whom they provided a copy of the Court's order;

4 4. Prominently post a copy of the court's injunction at their place of
5 business; and

6 5. File a sworn statement with the Court evincing their compliance with the
7 directives outlined in paragraphs G.1–4, above, within forty-five (45) days
8 of entry of the final injunction in this action.

9 H. That the Court enter an order allowing the United States to monitor Defendants
10 Michel Moreno and Awesome Tax LLC's compliance with the Court's injunction, including
11 allowing the United States to engage in post-judgment discovery in accordance with the Federal
12 Rules of Civil Procedure;

13 I. That the Court retain jurisdiction over Defendants Michel Moreno and Awesome
14 Tax LLC and over this action to enforce any permanent injunction entered against them; and

15 J. That the Court grant the United States its costs and attorney's fees, and any
16 further relief as the Court deems appropriate.

17 Dated: March 20, 2024.

18 Respectfully submitted,

19 DAVID A. HUBBERT
20 Deputy Assistant Attorney General

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