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9 IN THE UNITED STATES DISTRICT COURT
10 FOR THE EASTERN DISTRICT OF CALIFORNIA

11 UNITED STATES OF AMERICA,

12 Plaintiff,

13 v.

14 MARIA GUITRON, an individual, and dba
15 ANGEL'S BOOKKEEPING
& TAX SERVICE, LLC

16 Defendants.

Case No.

**COMPLAINT FOR PERMANENT
INJUNCTION AND OTHER RELIEF**

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

19 1. The United States brings this civil action under 26 U.S.C. §§ 7402(a), 7407, and
20 7408 to enjoin Maria D. Guitron aka Maria D. Lopez, individually and doing business as Angel's
21 Bookkeeping & Tax Service, LLC, and anyone in active concert or participation with them from:

22 a. Acting as federal tax return preparers or requesting, assisting in, or directing the
23 preparation or filing of federal tax returns, amended tax returns, or other related forms or
24 documents for any person or entity other than themselves or a legal spouse;

1 CTEC-issued license through an online program with the Golden State Tax Training Institute.

2 This training would have put Defendant Guitron on notice of her obligation to prepare true and
3 accurate returns and to substantiate the positions taken on returns she prepared.

4 6. A Preparer Tax Identification Number (PTIN) is a unique number issued by the IRS
5 to paid tax return preparers that they must use as their identification on all federal tax returns and
6 claims for refund that they prepare.

7 7. Defendant Guitron received her PTIN in 2000. Defendant Guitron still maintains
8 her CTEC-issued license and PTIN.

9 8. Defendant Guitron has taken continuing education courses through the Golden State
10 Tax Training Institute and Spidell Publishing, LLC, which would have reminded Defendant
11 Guitron of the accuracy and recordkeeping requirements of return preparers.

12 9. Defendant Guitron started a bookkeeping and tax return preparation business in
13 Modesto, California in 1997. The business was a sole proprietorship called Maria Bookkeeping.
14 Defendant Guitron changed the business's name to Angel's Bookkeeping & Tax Service
15 ("Angel's") in 2002 and converted it to a Limited Liability Company (LLC) in 2020.

16 10. Angel's members are comprised of Defendant Guitron, her husband, Joel Jimenez
17 Garcia, and her two daughters, Rosa Isela Guitron and Lisette Guitron.

18 11. Rosa Isela Guitron assists with tax return preparation and Lisette Guitron is a
19 receptionist at Angel's. Defendant Guitron's nieces, Evelyn Garcia and Sonia Garcia, also assist
20 with tax return preparation at Angel's.

21 12. Angel's has one location, at 101 E Glenn Avenue, Suite D, Modesto, California.
22 Angel's is a tax return preparer as defined by 26 U.S.C. § 7701(a)(36)(A).

23 13. Defendant Guitron controls Angel's. Defendant Guitron, Rosa Isela Guitron,
24 Evelyn Garcia, and Sonia Garcia all prepare federal tax returns for compensation. Defendant
25 Guitron trained all the preparers, and she reviews and signs their returns.

1 14. The Defendants charge a range of \$100 to \$150 for tax returns without a Schedule
2 C Form and a range of \$150 to \$200 for tax returns with a Schedule C Form. Defendant Guitron
3 pays the other preparers a commission calculated as a percentage of the return preparation fee.

4 15. Angel's uses the *TaxWise* Tax Preparation Software.

5 16. An Electronic Filing Identification Number (EFIN) is a unique number issued by
6 the IRS to paid tax return preparers that they must use to electronically file federal tax returns
7 and claims for refund.

8 17. Defendant Guitron obtained an EFIN and all the preparers at Angel's use
9 Defendant Guitron's EFIN to electronically file tax returns.

10 **DEFENDANTS' UNLAWFUL ACTIVITIES**

11 18. Defendant Guitron has prepared thousands of individual federal income tax
12 returns for customers since 1997 doing business as either Maria Bookkeeping or Angel's. The
13 Defendants prepared and filed over 2,000 income tax returns for paying customers each year for
14 tax years 2018, 2019, and 2020.

15 19. The IRS began its investigation into the Defendants in September 2020. The IRS
16 reviewed returns prepared and filed by the Defendants for tax years 2018 through 2022.

17 20. As part of this investigation, the IRS selected a random sample from the
18 customers who had tax year 2019 returns prepared by Angel's. The IRS used a computer
19 program to randomly select 300 customers to send letters to. Of those 300 customers, the IRS
20 interviewed 51 customers.

21 21. Of the 51 customers that the IRS interviewed, 41 customers had errors with their
22 returns, including false or inflated credits, deductions, expenses, and erroneous filing statuses.
23 *See Customer Experiences infra.*

24 22. These preventable errors are indicative of a consistent pattern of willful neglect.
25 The IRS has repeatedly contacted Defendant Guitron to alert her to improper practices and due

1 diligence requirements. From 2011 to 2019, the IRS sent Defendant Guitron at least eleven
 2 letters which notified her of various issues with tax returns she prepared or sought improvements
 3 in her practice. The issues included large numbers of errors on Forms 1040 claiming the Earned
 4 Income Tax Credit (EITC), missing Forms 8867 Paid Preparer's Due Diligence Checklists,
 5 errant use of the preparer's Social Security Number in lieu of their PTIN, notice that a portion of
 6 their clients were selected for audit, and reminders of due diligence requirements for claiming
 7 certain tax credits. *See* Table 1.

8 **Table 1 – IRS Outreach Efforts to Defendant Guitron**

Date	Letter Number	Purpose
07/07/2011	4732	Warning Defendant Guitron against improper use of SSN instead of her assigned PTIN
12/02/2013	4833	Warning Defendant Guitron that many of her tax returns claiming the EITC appear to have mistakes and could lead to penalties
11/21/2014	5102	Recommending that Defendant Guitron take additional training on Schedule C returns for businesses after many returns appear to have mistakes
11/20/2015	4833-A	Warning Defendant Guitron that many of her tax returns claiming the EITC appear to have mistakes and could lead to penalties
09/15/2015	1125	Penalizing Defendant Guitron for issues with her returns and providing appeal opportunity
03/10/2017	5364	Warning Defendant Guitron that many of her returns claiming various credits did not include Due Diligence Checklist and penalties could result
04/20/2018	5364	Warning Defendant Guitron that many of her returns claiming various credits did not include Due Diligence Checklist and penalties could result
12/18/2019	5138-A	Notifying Defendant Guitron that many of her clients claiming AOTC were selected for audit
12/18/2019	5138-FC	Notifying Defendant Guitron that many of her clients claiming EITC were selected for audit
09/05/2019	----	Notifying Defendant Guitron that many of her clients who received refunds were selected for audit
12/18/2019	5025-A	Warning Defendant Guitron that many of her tax returns claiming the AOTC appear to have mistakes and could lead to penalties

21 23. Defendant Guitron has a history of ignoring or recklessly disregarding her
 22 statutory mandate under 26 U.S.C. § 6695(g) to inquire into her customers' eligibility for certain
 23 filing statuses and tax credits. In 2015, the IRS imposed penalties against Defendant Guitron for
 24 failing to exercise these due diligence requirements in determining eligibility for the EITC, the
 25 American Opportunity Tax Credit (AOTC), and the Child Tax Credit (CTC). The IRS assessed

1 against Defendant Guitron a penalty of \$11,500 each year for tax years 2013 and 2014, for a total
2 of \$23,000 plus interest. Of these assessments, over \$15,000 remains unpaid.

3 24. In May 2016, the IRS received a complaint from an H&R Block, Inc. tax return
4 preparer who amended a return for a prior client of Angel's. The H&R Block, Inc. preparer filed
5 their report on an IRS Form 3949-A Information Referral. The H&R Block, Inc. preparer
6 reported that an Angel's preparer fabricated \$9,230 in business expenses and \$4,550 in daycare
7 expenses to fraudulently lower the client's tax liability. The client did not have any business or
8 daycare expenses and did not provide any such numbers to the Angel's preparer. The client
9 ultimately owed over \$4,000 to the IRS and incurred avoidable and burdensome expenses to
10 amend their return, as well as exposure to potential penalties.

11 25. The prior letters and penalties imposed on Defendant Guitron have not deterred
12 the Defendants' fraudulent tax preparation. The Defendants continue to prepare bogus tax returns
13 using omitted income, erroneous filing status, false or inflated expenses, false dependents, and
14 false or inflated Schedule C items. The Defendants knowingly conduct these preparation and
15 filing practices to fraudulently claim tax credits that their customers are not eligible for,
16 understate their customers' tax liability, and overstate their customers' refund amounts.

17 **A. False or Inflated Earned Income Tax Credits.**

18 26. The EITC is a refundable tax credit that can reduce a taxpayer's liability and is
19 generally available to low-to-moderate income workers. The amount of EITC owed to a taxpayer
20 is based on a taxpayer's income, filing status, and number of qualifying dependents.

21 27. The Defendants falsely manipulate income, fabricate their customers' filing status
22 as Head of Household, and falsely claim individuals as dependents that do not qualify as such so
23 that otherwise ineligible customers receive the EITC or receive a larger EITC than what they are
24 entitled to. The Defendants' willful fabrications have resulted in thousands of dollars' worth of
25 erroneous reductions in liability and overstated refunds.

1 **B. False or Inflated Dependent and Education Credits.**

2 28. The CTC is a nonrefundable tax credit that reduces a taxpayer's liability by
3 allowing them to claim credit for each qualifying child they have. A qualifying child must be
4 under 17 years of age at the end of the tax year and have lived with the taxpayer for more than
5 half of the tax year. The Child and Dependent Care Credit (CDCC) is also available to taxpayers
6 if they paid expenses for the care of a child or other qualifying dependent while they worked or
7 sought employment.

8 29. The AOTC is a partially refundable tax credit that reduces a taxpayer's liability
9 and is available to a taxpayer where either they or their dependent pay qualifying higher
10 education expenses and are enrolled at eligible institutions.

11 30. The Defendants fabricate qualifying dependents, dependent expenses, and
12 education expenses so that otherwise ineligible customers receive the CTC, CDCC, or AOTC or
13 receive a larger credit than what they are entitled to. The Defendants' willful fabrications have
14 resulted in thousands of dollars' worth of erroneous reductions in liability and partial refunds.

15 **C. False or Inflated Schedule C Items.**

16 31. Taxpayers who operate a sole proprietorship must report the business's income
17 and expenses on a Schedule C, Profit or Loss From Business Form. The net figure reported
18 affects the taxpayer's overall tax liability. The net figure also affects a taxpayer's eligibility for
19 and amount of EITC received.

20 32. For customers with sole proprietorships, the Defendants fraudulently overstate
21 Schedule C expenses and losses to understate their customers' tax liability. The Defendants also
22 completely fabricate Schedule C businesses for many customers that do not own or operate such
23 businesses to offset the customers' income and reduce their tax liability.

24 33. The Defendants often inflate or outright fabricate Schedule C items to bring their
25 customers' taxable income down to a level either qualifying for the EITC where the customer

1 otherwise would not qualify or fraudulently inflating the amount of the EITC due to the
2 customer.

3 34. During their investigation, the IRS found several obvious indicators of the
4 Defendants' fraudulent Schedule C preparation and filing practices. The IRS reviewed over 20
5 tax year 2019 returns with Schedule C forms that exhibited the following issues:

- 6 a. Same business address as Angel's;
- 7 b. Bogus Business Activity Code of 888888;
- 8 c. Similar or identical business names;
- 9 d. Similar low gross receipt amounts and exact gross receipt and expense
10 amounts; and
- 11 e. Similar depreciation deductions on Depreciation and Amortization Forms
12 4562.

13 **CUSTOMER EXPERIENCES**

14 **A. Customer A**

15 35. Customer A used the Defendants to prepare and file her 2019 tax return and had
16 been using their services for four years. Her return was prepared by one of Defendant Guitron's
17 nieces. After the return was prepared, Defendant Guitron reviewed and signed the return.

18 36. Customer A provided the return preparer her 2018 tax year information and the
19 Defendants knowingly prepared Customer A's 2019 tax return based on this 2018 tax year
20 information.

21 37. Customer A operated her own residential cleaning business where she would
22 clean six to eight houses per week. The first year that Customer A used the Defendants' services,
23 she provided her total income and copies of the checks she received. Each year since then, the
24 Defendants' simply use an approximated number based on that initial year to estimate her
25 income.

1 38. Customer A estimated the Schedule C expenses relating to her business and
2 provided these estimated numbers to the tax return preparer. The Defendants failed to reasonably
3 inquire into the nature of these purported Schedule C expenses and simply recorded these
4 unsubstantiated numbers. The Defendants' recorded these unsubstantiated Schedule C expenses
5 to understate Customer A's tax liability.

6 39. Customer A's son went to college in 2019, but both he and his father paid for his
7 tuition and all expenses. Customer A did not pay any of the tuition or expenses. Nonetheless, the
8 Defendants claimed an education credit unbeknownst to Customer A. The Defendants failed to
9 reasonably inquire into the child's education expenses and fabricated these expenses to
10 understate Customer A's tax liability.

11 **B. Customer B**

12 40. Customer B used the Defendants to prepare and file his 2019 tax return and had
13 been using their services for approximately three years. His return was initially prepared by
14 Defendant Guitron's daughter or niece and Defendant Guitron ultimately completed the return.
15 Customer B provided the Defendants a Form W-2, unemployment income information,
16 dependents' social security numbers, and his daughters' birth certificates.

17 41. The Defendants falsified Customer B's childcare expenses to either inflate or
18 falsify his eligibility for the childcare tax credit, even where Customer B may have otherwise
19 validly qualified. Customer B told the Defendants that he paid his mother \$150 a week to care
20 for his children. However, the Defendants fraudulently recorded a different childcare provider's
21 name, address, and Tax Identification Number (TIN) on Customer B's return. Customer B did
22 not know the childcare provider listed on the return and had not utilized their services.

23 42. The Defendants properly claimed Customer B's two daughters as dependents, as
24 they lived with him and he provided most of their support. However, the Defendants also
25 fraudulently claimed Customer B's niece and nephew, both of whom lived in Mexico and

1 received most of their support from their own parents. Customer B told the Defendants that the
2 niece and nephew lived in Mexico and he did not provide most of their support. Nonetheless, the
3 Defendants fraudulently claimed them as dependents to inflate the CTC and understate Customer
4 B's tax liability.

5 43. The Defendants also completely fabricated a Schedule C business and
6 corresponding gross receipts and expenses. Customer B did not provide the Defendants any
7 receipts or expenses to substantiate a Schedule C business. The Defendants recorded a business
8 called "Golden State Remodeling", which Customer B did not have any knowledge of. The
9 Defendants fraudulently recorded these Schedule C items to maximize Customer B's EITC and
10 understate his tax liability.

11 **C. Customer C**

12 44. Customer C used the Defendants to prepare and file his 2018 and 2019 tax returns
13 and had been using their services for approximately eight years. Defendant Guitron prepared
14 Customer C's tax returns both years. Customer C provided Defendant Guitron a Form W-2,
15 information related to IRA distributions from his pension, and social security income.

16 45. For both 2018 and 2019, Defendant Guitron fraudulently recorded Customer C's
17 filing status as Head of Household, even though Customer C was married and lived with his
18 spouse. Customer C said he had been married for 48 years and Defendant Guitron knew he was
19 married because his spouse usually accompanied him to their tax return preparation
20 appointments and did so in 2018. However, Defendant Guitron falsified Customer C's filing
21 status as Head of Household to maximize his tax credits and understate his tax liability.

22 46. Defendant Guitron also fraudulently claimed Customer C's relatives as
23 dependents on his 2018 and 2019 tax returns. These relatives lived in Mexico, and though they
24 occasionally visited him in the United States, they did not live with him for over half of the year.
25 Defendant Guitron had previously told Customer C that these relatives were not qualifying

1 dependents, but she still fraudulently included them on his tax return. Defendant Guitron did so
2 to inflate dependent care credits and understate Customer C's tax liability.

3 47. Even though Customer C provided Defendant Guitron information related to IRA
4 distributions from his pension and social security income, Defendant Guitron fraudulently
5 omitted both sources of income from his 2019 tax return. Defendant Guitron purposely
6 disregarded the information that Customer C provided her to fraudulently decrease his tax
7 liability.

8 48. Defendant Guitron also completely fabricated a Schedule C business and
9 corresponding gross receipts and expenses on his 2018 and 2019 tax returns. Customer C did not
10 tell Defendant Guitron that he had a business and did not provide Defendant Guitron any receipts
11 or expenses to substantiate a business. Defendant Guitron purposely fabricated these Schedule C
12 items to maximize Customer C's tax credits and understate his tax liability.

13 **D. Customer D**

14 49. Customer D used the Defendants to prepare and file his 2019 tax return. He
15 provided the Defendants his Form W-2 and 2018 tax return. Customer D did not provide any
16 other information to the Defendants, did not complete a datasheet, and the Defendants simply
17 provided him a copy of his return and notified him of how much his refund was.

18 50. The Defendants completely fabricated a Schedule C business and corresponding
19 gross receipts and expenses. Customer D did not provide the Defendants any receipts or
20 expenses to substantiate a Schedule C business.

21 51. The Defendants used the bogus gross receipts and expenses to generate a
22 fraudulent Schedule C loss of \$12,706 to offset Customer D's income and minimize his tax
23 liability.

24 52. The Defendants used the same bogus business for Customer D that they did with
25 Customer B, that is, "Golden State Remodeling." Like Customer B, Customer D did not know of

1 such a business. Of the returns prepared by the Defendants in 2020, approximately 85 returns
2 included a Schedule C Form for “Golden State Remodeling” or like-businesses, such as “Golden
3 State Home Remodeling”, “Golden Gate Remodeling”, and others. Each of these purported
4 businesses were categorized as construction, landscaping, home repair or remodeling, cement
5 work, or marketing. Many of them included a bogus Business Activity Code of 888888.

6 **E. Customer E**

7 53. Customer E used the Defendants to prepare and file their 2019 tax return and had
8 been using their services for approximately three years. Customer E provided the tax return
9 preparer a Form W-2 and notified the return preparer that they were married and lived with their
10 spouse. Customer E did not provide any other information and did not complete a datasheet.

11 54. Customer E notified the return preparer that they worked as a caregiver and their
12 spouse worked as an employee for a company. For Customer E’s caregiver work, they provided
13 information for approximately \$12,000 worth of income and approximately \$1,000 worth of
14 expenses.

15 55. Despite the information that Customer E provided to the Defendants, Defendants
16 completely fabricated two Schedule C businesses and corresponding gross receipts and expenses,
17 including a bogus business for Customer E called “Bella Imagen.”

18 56. The Defendants fabricated gross receipts and expenses to generate a combined
19 Schedule C net loss of \$27,427 to offset Customer E and their spouse’s income and minimize
20 their tax liability.

21 57. Customer E did not know of any business called “Bella Imagen” and had not
22 provided any receipts or expenses to substantiate such a business. Of the returns prepared by the
23 Defendants in 2020, approximately 120 returns falsely included a Schedule C for “Bella Imagen”
24 or like-businesses, such as “Bella Imagen Hair Salon” or “Bella Hair Salon.” Most of these
25 purported businesses were errantly categorized as marketing businesses and included the bogus

1 Business Activity Code of 888888. Additionally, a Google Maps search demonstrates that Bella
2 Imagen Hair Salon is a business located next door to Angel's.

3 HARM CAUSED BY DEFENDANTS' CONDUCT

4 58. **Harm to the Defendants' Customers.** The Defendants' unlawful preparation and filing
5 practices have harmed their customers. Though their customers paid and entrusted the
6 Defendants to prepare proper returns, the Defendants prepared fraudulent returns that overstated
7 their refunds and underreported their tax liability. Consequently, the Defendants' customers have
8 likely incurred unanticipated and avoidable financial burdens that they would not have had but
9 for the Defendants' misconduct. The Defendants' customers have likely had to pay unanticipated
10 tax deficiencies, penalties, and interest, as well as for supplemental preparation services to
11 amend their returns.

12 59. **Financial Harm to the United States.** The Defendants' unlawful preparation and filing
13 practices have caused significant financial harm to the United States.

14 a. Of the 51 tax year 2019 customers that the IRS randomly selected and
15 interviewed during its investigation, *supra* paragraphs 20-21, the IRS
16 determined that 38 of the corresponding tax returns required an increase in tax
17 liability owed by the customer to the IRS. The IRS calculated the average
18 change per return to be \$2,723. Accordingly, approximately 74 percent of
19 these returns had preventable errors resulting in the understatement of tax
20 liability and overstatement of refunds worth approximately \$103,474 of lost
21 tax revenue.

22 b. The Defendants prepared 2,339 returns for tax year 2019. Extrapolating the
23 deficiency rate of interviewed customers to all tax year 2019 prepared returns,
24 the Defendants' improper preparation practices are estimated to have resulted
25 in over \$4.7 million of lost tax revenue for tax year 2019.

1 c. The Defendants prepared 2,920 returns for tax year 2020 and continue to
2 prepare thousands of returns each filing season. The United States continues
3 to suffer direct financial harm by way of millions of dollars' worth of lost tax
4 revenue, which will likely continue until the Defendants are enjoined from
5 preparation and filing.

6 **60. Strain on Limited Resources.** The Defendants' fraudulent conduct further harms the
7 United States by compelling the IRS to devote its limited resources to investigating the
8 Defendants, identifying their customers, determining their proper tax liability, recovering any
9 funds erroneously issued, and collecting additional taxes and penalties.

10 **61. Undermining Public Confidence.** Finally, the Defendants' improper preparation and
11 filing practices also damage public trust in the administration and fidelity of the federal tax
12 system and encourage further noncompliance with internal revenue laws. Their fraudulent
13 manipulation of the EITC further damages confidence in a statutory credit meant to encourage
14 low-income workers to maintain employment.

15 **62.** Since 2011, the IRS has repeatedly contacted the Defendants about their unlawful
16 practices, and they have not been deterred, *supra* Table 1. The Defendants will continue to harm
17 their customers, the United States, and the public with their fraudulent tax return preparation and
18 filing practices unless and until this Court permanently enjoins them from doing so.

19 **COUNT I: INJUNCTION UNDER 26 U.S.C. § 7407**

20 **63.** The United States incorporates by reference the allegations in paragraphs 1 through 62.

21 **64.** Section 7047 of the Internal Revenue Code authorizes a district court to enjoin an
22 individual from engaging in conduct subject to penalty under 26 U.S.C. § 6694 or § 6695, among
23 other conduct.

24 **65.** The court may also enjoin the individual from acting as a tax return preparer if the court
25 finds the preparer has continually or repeatedly engaged in such conduct and that a narrower

1 injunction would not sufficiently prevent their interference with the proper administration of the
2 internal revenue laws in accordance with 26 U.S.C. § 7407(b)(2).

3 66. The prohibited conduct subject to penalty and meriting an injunction includes, among
4 other things:

5 a. Preparing a return or refund claim which understates liability due to an
6 unreasonable position and the preparer knew or should have known their
7 position was unreasonable under 26 U.S.C. § 6694(a);

8 b. Preparing a return or refund claim in which the preparer willfully
9 understates liability or recklessly or intentionally disregards IRS rules or
10 regulations under 26 U.S.C. § 6694(b);

11 c. Failing to comply with due diligence requirements in determining a
12 taxpayer's eligibility for the head of household filing status and tax credits
13 under 26 U.S.C. § 6695(g); and

14 d. Engaging in any other fraudulent or deceptive conduct which substantially
15 interferes with the proper administration of the internal revenue laws. 26
16 U.S.C. § 7407(b)(1)(D).

17 67. Section 7701(a)(36)(A) of the Internal Revenue Code defines a tax return preparer as
18 any person who prepares a tax return for compensation or who employs one or more persons
19 who do so.

20 68. As described in paragraphs 1 through 62, Defendant Guitron and Angel's are tax return
21 preparers who continually and repeatedly prepare fraudulent tax returns with false or inflated
22 credits, deductions, expenses, and erroneous filing status, violating 26 U.S.C. §§ 6694, 6695, and
23 7407.

1 69. The Defendants know, or should know, that their fraudulent preparation and filing
2 practices understating customers' liability are due to unreasonable positions for which they have
3 no authority, violating 26 U.S.C. § 6694(a).

4 70. The Defendants continually, repeatedly, and willfully prepare tax returns that overstate
5 their customers' refunds or understate their tax liability in an intentional and reckless disregard
6 for IRS rules and regulations, violating 26 U.S.C. § 6694(b).

7 71. The Defendants continually and repeatedly fail to comply with due diligence
8 requirements in determining their customers' eligibility for the head of household filing status
9 and certain tax credits, violating 26 U.S.C. § 6695(g).

10 72. The Defendants' continual and repeated violations of 26 U.S.C. §§ 6694 and 6695 are
11 proscribed by 26 U.S.C. § 7407(b)(1)(A) and are subject to an injunction under 26 U.S.C. §
12 7407.

13 73. The Defendants, through the actions described above, continually and repeatedly
14 engage in fraudulent and deceptive conduct that substantially interferes with the proper
15 administration of the internal revenue laws in violation of 26 U.S.C. § 7047(b)(1)(D) and is
16 subject to an injunction under 26 U.S.C. § 7407.

17 74. The Defendants have continued to violate the internal revenue laws despite repeated
18 warnings from the IRS and the IRS assessing statutory penalties in 2015. *Supra* paragraph 23.

19 75. If the Defendants are not permanently enjoined from acting as tax preparers and all tax
20 preparation services, they will likely continue to prepare fraudulent tax returns that harm their
21 customers, the United States, and the general public.

22 76. Accordingly, the Defendants must be permanently enjoined from acting as federal tax
23 return preparers in accordance with 26 U.S.C. § 7407(b)(2).

24 **COUNT II: INJUNCTION UNDER 26 U.S.C. § 7408**

25 77. The United States incorporates by reference the allegations in paragraphs 1 through 76.

1 78. Section 7408 of the Internal Revenue Code authorizes a district court to enjoin an
2 individual from engaging in conduct subject to penalty under 26 U.S.C. § 6701, among other
3 conduct, if injunctive relief is appropriate to prevent recurrence of such conduct.

4 79. The prohibited conduct subject to penalty and meriting an injunction includes, among
5 other things, aiding or assisting in, procuring, or advising on the preparation or presentation of a
6 portion of any tax return, affidavit, claim, or other document while knowing or having reason to
7 believe that it will be used for any material matter arising under the internal revenue laws, and
8 knowing that it would result in an understatement of tax liability of another person, violating 26
9 U.S.C. § 6701(a).

10 80. The Defendants prepare federal tax returns for their customers.

11 81. The Defendants know that these tax returns contain material matters arising under the
12 internal revenue laws, such as purported credits, deductions, expenses, and filing statuses
13 pursuant to various provisions of the Internal Revenue Code.

14 82. The Defendants knowingly understate their customers' tax liability on these tax returns.

15 83. If the Defendants are not enjoined from engaging in the conduct specified in paragraphs
16 79 to 82, they will likely continue to engage in such conduct. This is evident given that the
17 Defendants have continued to prepare fraudulent tax returns after the IRS previously warned
18 Defendants and penalized Defendant Guitron for her unlawful practices in 2015.

19 84. Accordingly, the Defendants engage in specified conduct subject to penalty under 26
20 U.S.C. § 6701, and a permanent injunction is appropriate under 26 U.S.C. § 7408 to prevent the
21 recurrence of such conduct.

22 **COUNT III: INJUNCTION UNDER 26 U.S.C. § 7402(a)**

23 85. The United States incorporates by reference the allegations in paragraphs 1 through 84.

24 86. Section 7402(a) of the Internal Revenue Code authorizes a district court to issue
25 injunctions as may be necessary or appropriate to enforce the internal revenue laws.

1 87. As described in paragraphs 1 through 62 above, the Defendants substantially interfere
2 with the enforcement of the internal revenue laws by preparing fraudulent tax returns with false
3 or inflated credits, deductions, expenses, and erroneous filing status.

4 88. As a result, the IRS has received improper tax returns that illegally understate tax
5 liabilities, and the IRS has issued federal tax refunds in error.

6 89. The Defendants will likely continue to engage in such unlawful conduct and interfere
7 with the enforcement of the internal revenue laws unless and until they are enjoined. This
8 likelihood is evident given that the Defendants have continued to prepare fraudulent returns after
9 the IRS repeatedly warned the Defendants of their unlawful practices from 2011 to at least 2019,
10 and even penalized Defendant Guitron in 2015.

11 90. The Defendants' customers, the United States, and the general public will likely
12 continue to suffer harm unless and until the Defendants are enjoined.

13 91. The United States will likely suffer irreparable injury unless and until the Defendants
14 are enjoined because the IRS will continue to wrongfully issue federal tax refunds to individuals
15 not otherwise eligible to receive them, many of which the IRS may never discover or recover.
16 The United States will also have to continue to devote substantial resources to identify and audit
17 the Defendants' customers to detect and recoup unlawful refunds.

18 92. Enjoining the Defendants is in the public interest because an injunction, backed by the
19 Court's contempt powers, if necessary, will stop the Defendants from preparing fraudulent tax
20 returns and causing harm to their customers, the United States, and the general public.

21 93. Accordingly, the United States is entitled to relief and this Court should impose
22 injunctive relief under 26 U.S.C. § 7402(a)

23 **PRAYER FOR RELIEF**

24 WHEREFORE, the United States of America prays for the following relief, that the Court:
25

1 A. Find that the Defendants are tax return preparers and have continually and repeatedly
2 engaged in conduct subject to penalty under 26 U.S.C. §§ 6694 and 6695, that a permanent
3 injunction is appropriate under 26 U.S.C. § 7407 to bar the Defendants from acting as tax return
4 preparers and prevent recurrence of that conduct, and that a narrower injunction only prohibiting
5 the specified conduct would be insufficient;

6 B. Find that the Defendants are tax return preparers and have engaged in conduct subject
7 to penalty under 26 U.S.C. § 6701 and that a permanent injunction is appropriate under 26
8 U.S.C. § 7408 to prevent recurrence of that conduct;

9 C. Find that the Defendants have engaged in conduct that substantially interferes with the
10 enforcement of the internal revenue laws, and that a permanent injunction barring the Defendants
11 from acting as tax return preparers is necessary and appropriate to prevent the recurrence of that
12 conduct under 26 U.S.C. § 7402(a);

13 D. Enter an order pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408 against the
14 Defendants, permanently enjoining them from directly or indirectly:

15 1. Acting as federal tax return preparers or requesting, assisting in, or directing the
16 preparation or filing of federal tax returns, amended tax returns, or other related forms or
17 documents for any person or entity other than themselves or a legal spouse;

18 2. Aiding or assisting in the preparation of federal tax returns that they know or
19 reasonably should know would result in the understatement of tax liability or the overstatement
20 of federal tax refunds;

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

23 4. Engaging in any activity subject to penalty under 26 U.S.C. §§ 6694, 6695, 6700,
24 6701, or any other penalty provision of the Internal Revenue Code;

25 5. Maintaining, assigning, holding, using, or obtaining a PTIN or an EFIN; and

1 6. Engaging in any other conduct that interferes with the administration and
2 enforcement of the internal revenue laws.

3 E. Enter an order that the Defendants, at their own expense and within 30 days of entry of
4 the injunction, shall:

5 1. Contact by certified mail and, if known, email addresses, the persons and entities
6 for whom the Defendants have prepared federal tax returns or any other federal tax forms since
7 January 1, 2011, to inform them of the permanent injunction entered against the Defendants.
8 These mailings shall include a copy of the order but no other documents or enclosures unless
9 agreed to by United States counsel or approved by the Court;

10 2. Produce to the United States a list that identifies by name, social security number,
11 address, email address, telephone number, and relevant tax periods all persons and entities for
12 whom they prepared federal tax returns or any other federal tax forms since January 1, 2011;

13 3. Provide a copy of the order to all the principals, officers, managers, employees,
14 and independent contractors of Angel's and provide the United States a signed and dated
15 acknowledgment or receipt of the order;

16 4. Prominently post a copy of the order at Angel's and remove all advertisements for
17 Defendants' tax preparation services from any online, digital, print, or other publications.

18 F. Order that, within 45 days of the entry of the injunction, Defendants must file a sworn
19 statement with the Court certifying compliance with the foregoing directives;

20 G. Enter an order permitting the United States to conduct post-judgment discovery in
21 accordance with the Federal Rules of Civil Procedure to ensure compliance with the injunction;

22 H. Retain jurisdiction over this action for purposes of implementing and enforcing the
23 permanent injunction; and

24 I. Grant the United States its costs and such other relief as the Court deems appropriate.
25

1 Respectfully submitted,

2 Dated: April 25, 2024

3 DAVID A. HUBBERT
4 Deputy Assistant Attorney General

5 /s/ Anthony J. Iozzo
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