



Department of Justice

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THURSDAY, APRIL 16, 2015
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JUSTICE DEPARTMENT ASKS FEDERAL COURT TO SHUT DOWN SOUTH CAROLINA TAX RETURN PREPARERS

WASHINGTON – In separate actions, the United States has asked a federal court in South Carolina to permanently bar two South Carolina men from preparing federal income tax returns for others, the Justice Department announced today.

In 1997, Clinton A. Broomfield, of Lexington, South Carolina, Tony McGill, of Ladson, South Carolina, and Stacy Middleton formed MBM Tax and Accounting Services LLC to prepare tax returns and provide other financial services. In 2007, Broomfield, McGill and Middleton ended their formal partnership and opened separate tax preparation businesses. Broomfield currently manages Summerville MBM Tax Service, while McGill manages MBM Accounting and Tax Services LLC in North Charleston, South Carolina. Though the partnership ended in 2007, McGill, Broomfield and Middleton continue to share advertising expenses.

In July 2013, the U.S. District Court for the District of South Carolina [permanently barred](#) Middleton from preparing federal tax returns for others. He is not a defendant in the current lawsuit.

The complaints allege that, through Summerville MBM Tax Service and MBM Accounting and Tax Services LLC, Broomfield and McGill prepare returns for customers that unlawfully understate income tax liabilities and overstate refunds. According to the suit, the defendants fabricate bogus deductions on Forms 1040, Schedule A (Itemized Deductions) and Schedule C (Profit or Loss from Business) that report nonexistent business expenses and deductions on their customers' returns. These phony business losses offset the customers' wages and falsely reduce their income tax liability, according to the suit.

The complaints further allege that Internal Revenue Service (IRS) audited returns prepared by McGill, which revealed tax understatements on 58 of the 61 examined returns, resulting in an average tax deficiency of \$5,709 per return. Of the 147 IRS- examined returns that Broomfield prepared, 123 resulted in an increase of his customer's tax liability, resulting in an average tax deficiency of \$2,817 per return, according to the suit. Based on the large percentage of audited returns that understate customers' actual tax liability and the number of returns Bloomfield and McGill prepare, the complaints allege that the U.S. Treasury may have lost millions of dollars in tax revenue as a result of the defendants' conduct.

Return preparer fraud is one of the IRS's Dirty Dozen Tax Scams for 2015. The IRS has some tips on its website for choosing a tax preparer, and has launched a free directory of federal tax preparers. In the past decade, the Tax Division has obtained injunctions against hundreds of unscrupulous tax preparers and tax scheme promoters. Information about these cases is available on the Justice Department's website. An alphabetical listing of persons enjoined from preparing returns and promoting tax schemes can be found on here. If you believe that one of the enjoined persons or businesses may be violating an injunction, please contact the Tax Division with details.

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