

FILED

IN THE UNITED STATES DISTRICT COURT FOR THE  
MIDDLE DISTRICT OF FLORIDA

2015 MAY -5 PM 12: 05

UNITED STATES OF AMERICA,

Plaintiff,

V.

**MILOT ODNE, individually and d/b/a  
LBS TAX SERVICES, RAPID TAX 1,  
RAPID TAX 1, LLC, and MILOT ODNE,  
LLC,**

**Defendant.**

US DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
ORLANDO, FLORIDA

Civil No.

8:15-CW-1079-T-33 EAT

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

The United States of America, for its complaint against Milot Odne, individually and doing business as LBS Tax Services, Rapid Tax 1, Rapid Tax 1 LLC, and Milot Odne, LLC, alleges as follows:

1. This is a civil action brought by the United States under I.R.C. (26 U.S.C.) §§ 7402, 7407, and 7408 to enjoin Odne, and anyone in active concert or participation with him, from:

- (1) acting as a federal tax return preparer or requesting, assisting in, or directing the preparation or filing of federal tax returns, amended returns, or other related documents or forms for any person or entity other than himself;
- (2) preparing or assisting in preparing federal tax returns that he knows or reasonably should know would result in an understatement of tax liability or the overstatement of federal tax refund(s) as penalized by I.R.C. § 6694;
- (3) owning, operating, managing, working in, controlling, licensing, consulting with, or franchising a tax return preparation business;

- (4) training, instructing, teaching, and creating or providing cheat sheets, memoranda, directions, instructions, or manuals, pertaining to the preparation of federal tax returns;
- (5) engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6695, 6701, or any other penalty provision in the I.R.C.; and
- (6) engaging in any conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws.

This action also seeks, under I.R.C. § 7402, an order requiring Odne to disgorge to the United States the proceeds that Odne and his businesses received for the preparation of federal tax returns that make false or fraudulent claims.

#### **Jurisdiction and Venue**

2. This action has been requested by the Chief Counsel of the Internal Revenue Service, a delegate of the Secretary of the Treasury, and commenced at the direction of a delegate of the Attorney General, pursuant to I.R.C. §§ 7402, 7407, and 7408.

3. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345 and I.R.C. § 7402.

4. Venue is proper in this Court under 28 U.S.C. § 1391(b)(1) because the Defendant resides in this district and all or a substantial portion of the activities occurred within this district.

#### **Defendant**

5. Milot Odne resides in Tampa, Florida. Odne currently prepares tax returns under the name Rapid Tax 1, and previously was a franchisee of LBS Tax Services.

6. Rapid Tax 1, LLC and Milot Odne, LLC, are corporations registered in the State of Florida. Odne is the sole owner of these corporations. Through these entities, Odne owned and operated 25 tax return preparation stores in Florida in 2014. Odne's stores prepared at least 6,294 federal tax returns in 2013 and 2014.

7. LBS Tax Services (“LBS”) is a tax return preparation business that Walner G. Gachette franchises through Loan Buy Sell, Inc., a corporation organized in the State of Florida. In 2013, there were at least 239 LBS stores in Florida, Georgia, North Carolina, South Carolina, Tennessee, Alabama, Mississippi, and Texas. LBS stores prepared over 55,000 federal income tax returns in 2013.

8. This lawsuit is one of several filed against the LBS franchisor and LBS franchisees, managers, and preparers (and/or former LBS franchisees, managers, and preparers operating under new business names) seeking injunctive and equitable relief under the Internal Revenue Code. The other filed cases are: *United States v. Walner G. Gachette*, 6:14-cv-1539 (M.D. Fla.); *United States v. Douglas Mesadieu*, Case No. 6:14-cv-1538 (M.D. Fla.); *United States v. Jean R. Demesmin, et al.*, Case No. 6:14-cv-1537 (M.D. Fla.); *United States v. Kerny Pierre-Louis, et al.*, Case No. 6:14-cv-1536 (M.D. Fla.); *United States v. Demetrius Scott*, Case No. 6:14-cv-1535 (M.D. Fla.); *United States v. Jason Stinson*, Case No. 6:14-cv-1534 (M.D. Fla.); and *United States v. Wilfrid Antoine*, Case No. 9:14-cv-81199 (S.D. Fla.).

#### **LBS Tax Services’ and Rapid Tax 1’s Business Structure**

9. LBS began in 2008 as a tax return preparation business in Orlando. LBS’s stated goal was to have 1,000 tax return preparation stores by 2016. Legal and public relations problems have resulted in LBS splintering into several smaller, but still expanding, tax return preparation businesses, including Rapid Tax 1. Rapid Tax 1 operates under the same business model as LBS, described below, and utilizes nearly identical training materials and advertisements.

10. Odne began working as a District Sales Manager at LBS in 2011. In 2013, Odne became an LBS franchisee and operated 4 LBS stores. In 2014, Odne (and his employees)

notified his previous customers that his LBS stores now operated under the name Rapid Tax 1. Odne also increased the number of stores he owned and operated to 25.

11. Each of Odne's individual LBS or Rapid Tax 1 stores is managed by a District Sales Manager ("DSM") who works for Odne. DSMs, in turn, oversee office managers, tax return preparers, and marketers (employees whose sole job is to solicit customers).

12. The DSMs and the tax return preparers that Odne employs are not required to have any tax return preparation experience, knowledge of federal tax laws or accounting, or minimum education. Rather, the focus is on finding potential employees who have "customer service" experience.

13. A Rapid Tax 1 job posting on Craig's List did not require applicants to have any knowledge of tax laws or minimum tax preparation or accounting experience. Applicants were only required to have a "reliable car & valid driver's license," a cell phone that could be used "from 8 am – 9 pm everyday," "proficiency in Spanish and English or both (preferred)," and the ability to "multitask and prioritize," "Hand-out advertising flyers and business cards," and work "Monday-Sunday from 9 am to 9 pm." The applicant must also have filed "personal taxes at least once within the past 3 years," apparently due to the IRS's application process for obtaining a Preparer Tax Identification Number (PTIN).

14. Rapid Tax 1 and LBS focus on marketing and selling their services to customers, rather than tax return preparation. According to LBS, a tax return preparer's job is "60% outside marketing and 40% tax filing."

#### **"Training" and Lack of Quality Control**

15. Odne, LBS, and Rapid Tax 1 do not provide any substantive tax law training. The training focuses on LBS and Rapid Tax 1 policies, particularly how to market to potential

customers and solicit business, how to manage employees, and how to use the tax return preparation software.

16. Odne and his DSMs train the tax return preparers employed at his individual Rapid Tax 1 stores. This training focuses on marketing and data entry to prepare tax returns and how to charge related fees to customers in accordance with Rapid Tax 1's policies.

17. Odne trains his DSMs and tax return preparers how to prepare tax returns fraudulently in order to falsely and improperly maximize customers' tax refunds. Odne's DSMs and tax return preparers are specifically trained to increase the tax return preparation fees charged to customers as they increase the customers' bogus refunds.

18. Odne provides instruction sheets to his DSMs and tax return preparers that direct the preparers to input specific information into the tax preparation software to create the maximum bogus refund for customers. Odne's preparers follow the instruction sheet to report customers' income within a specific range on their tax returns, even if the customers' actual income and circumstances (married, having dependents) that they provide to the preparer conflicts with what the preparer inputs into the software. By following these instruction sheets, Odne's preparers generate bogus refunds that customers are not entitled to. One such instruction sheet, frequently taped to the preparer's desk or on a wall next to the preparer's computer, indicated which boxes to check on the Earned Income Tax Credit checklist (IRS Form 8867) in order to make it appear as though the preparer complied with the "due diligence" requirements (discussed in more detail below) necessary to claim the credit (regardless of the information provided by customers and whether the customers actually qualify for the credit).

19. Odne also provides scripts directing his employees on how to interact with customers and potential customers. Odne modified scripts originally used by LBS and simply changed the business name to Rapid Tax 1, thus perpetuating LBS's business model of fraud. One such script informs customers that they will be receiving a refund, although not all customers legally qualify for a refund:

**SCRIPT:**

**There are three things that I am going to do for you today**

- 1. I'm going to enter you information into the system**
- 2. I will tell you how much your refund will be and**
- 3. I will look for more forms and ways to get you more money legally, ok?**

20. Odne, LBS, and Rapid Tax 1 fail to teach Odne's DSMs and tax return preparers crucial elements related to basic tax return preparation. For example, they provide no genuine instruction on the legal requirements to claim the Earned Income Tax Credit and the related due diligence requirements, procedures for detecting fraudulent Forms W-2, and the methods to question customers who provide suspicious, false, or fraudulent information. To the contrary, Odne, LBS, and Rapid Tax 1 affirmatively instruct Odne's DSMs and preparers on how to prepare returns that improperly claims bogus refunds based on false claims, credits, and deductions and to maximize the fees extracted from those refunds.

21. Odne's DSMs are shown a power point presentation titled "Top 10 Things District Sales Managers Need to Know." This was a power point presentation created by LBS and shown to its employees, but Odne simply changed the first slide to say "Rapid Tax 1" instead of LBS. The rest of the presentation is nearly identical. The top ten list does not include any training on tax law. The power point focuses on marketing, hiring employees, interacting

with customers (including selling tax return preparation to “hesitant” customers through scripts and “rebuttals”), how to maintain and organize files, and what to wear and not wear in the office.

22. The scripts to talk to customers are the primary focus of the training provided to Rapid Tax 1 employees. Odne requires his employees to memorize the scripts to solicit customers face-to-face and over the phone, and when preparing tax returns and attempting to coerce customers to agree to the inclusion of additional (and improper/false) IRS forms with, and bogus claims on, their tax returns. The purpose of these scripts is to solicit customers and, once those customers have come in the door, to run up the tax return preparation fees by attaching forms to the return at an additional charge to the customer. Rapid Tax 1 includes bogus claims, credits, and deductions on these forms to generate a higher refund for the customer, and uses this higher refund to justify its additional tax return preparation fees.

23. As part of the training session, Rapid Tax 1 gives its DSMs a “test.” Again, this is a test created by LBS and given to its employees that Odne slightly modified for Rapid Tax 1. The majority of the “test” and training is dedicated to marketing and soliciting business. The “test” also addresses LBS and Rapid Tax 1 policies, such as how to maintain customer files and the fact that Rapid Tax 1’s tax return season “begins on December 26th.”

24. The training questions in the Rapid Tax 1 “test” focus on data entry in the tax return preparation software and, in particular, how to input information on the forms that will generate the maximum (and bogus) refund for customers.

25. To the extent that the test addresses tax return preparation, the questions are very basic and, not surprisingly, the answers are not thorough and, occasionally, entirely incorrect.

26. Odne’s DSMs, in turn, are purportedly required to train the tax return preparers at their stores. However, the training slides in the top ten list power point presentation only pertain

to marketing and Drake software. For example, the first slide regarding training in both the LBS and Rapid Tax 1 presentations, captioned “How to Train,” discusses teaching the “Appointment setting ‘on-the-spot’ script,” “Telephone script,” and “Presentation script” to employees. There is no instruction on how to convey to employees even basic tax law concepts, how to explain IRS forms such as a 1040, or how to train tax return preparers to actually prepare tax returns.

27. Odne’s and Rapid Tax 1’s tax return preparation training is limited to instruction on data entry using the tax return preparation software and preparing practice tax returns so that preparers know where to enter information in the software. The supplier of the tax return preparation software does not provide in-person training or training on tax law.

28. The IRS requires that individuals applying for an Electronic Filer Identification Number (“EFIN”), such as Odne and his DSMs, complete an application and submit to a background check. The IRS does not provide training on tax law or tax return preparation in connection with its EFIN application. The requirements to obtain an EFIN are available at: <http://www.irs.gov/Tax-Professionals/e-File-Providers-&-Partners/Become-an-Authorized-e-file-Provider>.

29. An EFIN is a unique number that identifies the authorized provider and the location where the return was prepared. Before a person may prepare and electronically transmit tax returns for customers, he or she must obtain authorization from the IRS to become an authorized provider. Every authorized provider must apply for and receive an EFIN from the IRS. The EFIN requirement is not a means for the IRS to “train” applicants on tax law or how to prepare tax returns.

30. DSMs (including Odne when he worked at LBS) serve as the Electronic Return Originator (“ERO”) for their store. ERO is an Internal Revenue Service designation for the



person or entity that electronically submits tax returns on behalf of customers. EROs are identified by their registered EFIN and are responsible for preparing and filing with each tax return an IRS Form 8879, "IRS e-file Signature Authorization." Form 8879 is a signature authorization for an e-filed return filed by an ERO on behalf of a customer.

31. IRS Publication 1345 requires that an ERO "be diligent in recognizing fraud and abuse, reporting it to the IRS and preventing it when possible." Odne and Rapid Tax 1 conduct no meaningful quality control or oversight over their tax return preparers, much less act diligently to prevent the fraud and abuse that is undertaken with respect to the preparation of customers' tax returns. Indeed, fraudulent return preparation is encouraged and flourishes at many Rapid Tax 1 stores.

#### **Defendant's Fraudulent Activity**

32. Odne and those acting in concert with him and at his direction have created and maintain a business environment and culture of greed at his LBS and Rapid Tax 1 stores that expressly promotes and encourages the preparation of false and fraudulent federal income tax returns in order to maximize corporate and individual profits. By doing so, Odne profits at the expense of his customers and the United States Treasury.

33. Many of Odne's customers have low incomes and are unsophisticated with respect to tax law and tax return preparation. Customers often have no knowledge that LBS and Rapid Tax 1 prepare and file fraudulent tax returns on their behalf. For others, LBS and Rapid Tax 1 preparers—with Odne's consent and urging—mislead customers about the law, particularly with respect to various credits and deductions, and by promising them thousands of dollars of (illegal) refunds to coerce them to pay LBS and Rapid Tax 1 to prepare their tax

returns. Odne benefits by receiving a significant portion of LBS and Rapid Tax 1 customers' fraudulently obtained refunds, which he retains through fees.

34. Odne instructs, directs, assists, advises, encourages, and causes his managers and preparers to engage in illegal practices. These practices include, but are not limited to:

- a. Making fraudulent claims for the Earned Income Tax Credit;
- b. Circumventing due diligence requirements in order to fraudulently maximize the Earned Income Tax Credit;
- c. Improperly claiming false filing status, such as Head of Household when the customer is actually married;
- d. Fabricating Schedule C businesses and related business income and expenses;
- e. Fabricating Schedule A deductions, including but not limited to deductions for unreimbursed employee business expenses, automobile expenses, and charitable contributions;
- f. Falsely claiming education credits to which customers are not entitled;
- g. Improperly preparing returns based on paystubs rather than Forms W-2;
- h. Failing to provide customers with a copy of the completed tax return;
- i. Guaranteeing refunds; and
- j. Charging deceptive and unconscionable fees.

**“Guerilla Marketing”**

35. Odne, LBS, and Rapid Tax 1 solicit customers through what they call “Guerilla Marketing.” “Guerilla Marketing” involves misleading advertising and aggressive in-your-face individual sales pitches, targeted at low income individuals. The purpose is to get as many potential customers in the door, prepare their tax returns, and prepare and attach to their tax returns additional and unnecessary forms containing bogus claims and credits, under the guise

that LBS is doing so in order to legally increase the customer's tax refund. Rapid Tax 1 utilizes the same marketing model.

36. Odne, LBS, and Rapid Tax 1 charge customers exorbitant fees for preparing their returns, for each form prepared and attached to the return, and for filing the return. LBS and Rapid Tax 1 make fraudulent claims on these forms, in order to improperly increase customers' refunds. LBS and Rapid Tax 1 then falsely tell the customers that these forms legally increased the customers' refunds, and charge higher fees due to the additional forms and the higher refund that LBS and Rapid Tax 1 claimed. These fees are all deducted from the customer's tax refund, often without the customer being told the amount that LBS and Rapid Tax 1 actually charged for preparing the tax return.

37. "Guerilla Marketing" begins long before the tax filing season begins. LBS and Rapid Tax 1 advertising focuses on the Earned Income Tax Credit, with street signs, flyers, and business cards that simply state, for example, that a potential customer can receive "\$3169 per child" from the IRS and listing a phone number to call.

38. Odne, LBS, and Rapid Tax 1 instruct employees to approach potential customers, ask whether they have children, hand out business cards, put up yard signs, and lure the potential customers to the LBS or Rapid Tax 1 stores with promises of large refunds. This marketing occurs predominantly at large-scale retailers and grocery stores (marketers are specifically directed to solicit business at Wal-Mart), dollar stores, apartment complexes, public plazas, and large public events where LBS and Rapid Tax 1 believe they can find potential customers who fit the low income demographic that it targets.

39. "Guerilla Marketing" is so aggressive that the LBS franchise agreement anticipates and accounts for the related fines that are inevitably imposed against LBS's stores by

cities and municipalities for violations of local ordinances, particularly regulations pertaining to signs and advertising placed alongside streets. The agreement provides that the first \$500 in fines are paid by the franchisee, with any additional amounts paid by DSMs. The Rapid Tax 1 power point presentation likewise states that the owner is responsible for the first \$500 in fines.

40. DSMs are instructed that if the “city comes to your office, you should apologize and beg; say you weren’t aware of the rules,” and then go put out “200 yard signs 3 miles away from your office in each direction” at midnight. If a DSM receives a “letter before February 14th saying you have to go to court,” the DSM is instructed to “call the courthouse, tell them you have an emergency and can come to court any day in March.” The purpose of this is to avoid going to court until LBS’s tax preparation and filing season is effectively over.

41. Odne recruits and employs individuals, referred to as marketers, whose sole job is to solicit customers. Marketers are trained to “be discrete (pretend your shopping)” and “be careful for security that will kick you out.” The suggested times to market are “Before work, noon, 6-7 PM and midnight.” Marketers are advised to avoid security guards and store employees who will make them leave the premises.

42. Odne, LBS, and Rapid Tax 1 provide scripts to marketers (in addition to managers and tax return preparers) on how to solicit customers. One script, created by LBS but modified by Odne for use at Rapid Tax 1, contains general introductory language, with three variations (depending on the date) used to schedule an appointment for the customer to have his or her tax return prepared. In all three variations, the script begins:

**“Hi, I’m John a tax preparer. This year the IRS is giving \$3000 dollars per kid. What’s your name? How many kids do you have?”**

[The script uses the answer of two children as the example.]

**“Perfect, I can get you up to \$6000 to \$7000 dollars that is legally yours.”**

From December 6 to December 26, before the tax year is even over, the script concludes:

**“Do you have you last paycheck stub?”**

If the customer says no, the script continues: **“OK, what’s your name and number? I will call you on January 1st to give you directions to the office, put my business card on your frigerator.”**

From December 26 to January 8, the script concludes:

**“Do you have you last paycheck stub?”**

If the customer says yes, the script continues: **“I can do your taxes with that, what time can you come to my office today?”**

From January 8 to March 14, the script concludes:

**“Do you have your W2?”**

If the customer says yes, the script continues: **“What time can you come to my office today?”**

(emphasis added.)

43. Of course, the IRS does not “give” taxpayers \$3,000 per child. Whether a taxpayer is entitled to a credit, such as the Earned Income Tax Credit or Child Tax Credit, and the amount of the credit that the taxpayer can claim, depends on numerous factors, including whether the child lives with the taxpayer, whether the taxpayer financially supports the child, and the age of the child.

44. Odne, LBS, and Rapid Tax 1 also provide similar scripts to tax return preparers and administrative staff at each store.

45. Instead of focusing on honest, accurate tax return preparation, LBS’s and Rapid Tax 1’s business models are result-oriented. LBS and Rapid Tax 1 instruct preparers to “SELL

ON FEAR!” and to “ALWAYS try to get the customer more than they received the last year they filed taxes.” LBS’s and Rapid Tax 1’s power point presentations at their training sessions reiterates the script that preparers are repeatedly taught: “If you agree I will leave the forms, If you don’t I will take them off” – BUILDS TRUST!” If a customer hesitates, preparers are told to keep reiterating the portion of the script about how each form will get the customer more money from the IRS, and if the customer appears ready to walk away, preparers are instructed to get a DSM to help convince the customer to agree to LBS’s or Rapid Tax 1’s return preparation.

46. The LBS and Rapid Tax 1 scripts setting forth what employees are required to say upon completing customers’ tax returns (or, more specifically, the Form 1040) are egregious and show a blatant disregard of the law. Once an LBS employee has completed the Form 1040, he or she is instructed to say to customers:

“At this time I am getting you back \$ [amount]. Ma’am or Sir, I can search for more forms to get you more money legally. Each form I use will cost you more but you get more money. For instance, I see I can get you an extra \$3000 by using 7 more forms and each form cost[s] about \$75.00. At the end I will let you know how much your refund will be, minus our fees. If you agree I will leave the forms on, if you don’t agree, I will take them off.”

LBS and Rapid Tax 1 cannot legally “get” a customer \$3,000 by “using forms” (for example, the 7 forms in the above script). Individuals receive a refund if it is legally owed and based on the honest reporting of facts, not, as is the case with LBS’s tax return preparation, by adding forms to tax returns that do not apply and that customers do not understand. LBS and Rapid Tax 1 entice customers with the possibility of a bigger (albeit fraudulent) refund based on the addition of forms to customers’ tax returns but, in reality, a form or schedule applies or does not apply and must be attached to a return only based on customer-specific facts or circumstances.

47. LBS’s and Rapid Tax 1’s tax return preparation is result-oriented, rather than

being honest and accurate. LBS's and Rapid Tax 1's tax return preparation is based on maximizing LBS's and Rapid Tax 1's own profits by drawing customers into a web of deception with promises of money, which comes in the form of bogus refunds issued by the U.S. Treasury as a direct result of the fraudulent claims made on tax returns prepared by LBS and Rapid Tax 1.

48. LBS and Rapid Tax 1 primarily solicit business using deceptive marketing focusing on the Earned Income Tax Credit, particularly as it relates to claiming dependents.

49. LBS's and Rapid Tax 1's advertisements regarding the Earned Income Tax Credit are misleading, at best, because the amount of the credit depends on several factors, such as income, marital status, and whether the child actually qualified as a dependent. LBS's and Rapid Tax 1's advertisements simply recite the maximum amount of the credit that a qualifying taxpayer may be eligible to receive per child with no mention, let alone explanation, of the criteria that must be met to qualify for such an amount. Rather, the advertisements clearly suggest that if you have children you will receive refunds of, for example, \$3,094 for one child and \$5,112 for two children. Moreover, preparing tax returns using a taxpayer's pay stub, as advertised, rather than a Form W-2, violates IRS regulations. And, of course, the IRS does not issue a "same day tax refund," contrary to some advertisements.

50. LBS and Rapid Tax 1 effectively offer guarantees to customers that they will receive refunds. LBS's and Rapid Tax 1's advertising clearly suggests that customers with children will receive a refund. Some of the ads specifically refer to "EIC," and for those that do not, it is evident, based on the specific amount identified in the ads and the income demographic that LBS and Rapid Tax 1 target, that the approximately \$3,000 "per child" is due to the Earned Income Tax Credit. In addition, the "three things that I am going to do for you today" script that LBS and Rapid Tax 1 require employees to memorize and recite explicitly states, "I will tell you

how much your refund will be.” Guaranteeing the payment of any tax refund or the allowance of any tax credit violates 26 U.S.C. § 7407(b)(1)(C). LBS’s and Rapid Tax 1’s tax return preparation practices ensure that customers do receive a refund, frequently based on bogus claims for the Earned Income Tax Credit.

#### **Earned Income Tax Credit Fraud and Failure to Comply with Due Diligence Requirements**

51. Odne and many of his managers and tax return preparers prepare tax returns that include fraudulent claims for the Earned Income Tax Credit (EITC) often based on bogus dependents, fabricated business income and expenses, and/or false filing status.

52. The EITC is a refundable tax credit available to certain low-income working people. The amount of the credit is based on the taxpayer’s income, filing status, and claimed number of dependents. The requirements for claiming the EITC are set forth in I.R.C. § 32 and the accompanying Treasury Regulations.

53. Because the EITC is a refundable credit, claiming an EITC can, in certain circumstances, reduce a taxpayer’s federal tax liability below zero, entitling the taxpayer to a payment from the U.S. Treasury.

54. Due to the method used to calculate the EITC, an individual can claim a larger EITC by claiming multiple dependents and, for certain income ranges, individuals with higher earned income are entitled to a larger credit than those with lower earned income. The amount of the credit increases as income increases between \$1 and \$13,650, and decreases as income increases beyond \$17,830. Some tax preparers who manipulate reported income to maximize the EITC refer to this range of earned income corresponding to a maximum EITC as the “sweet spot” or “golden range.” For tax year 2014, the maximum EITC was \$6,143 and was available



to eligible individuals with three dependent children who earned income between \$13,650 and \$17,830.

55. Because of the way the EITC is calculated, reporting more income, up to a certain point, allows customers to receive a larger refundable credit. Similarly, claiming losses to offset higher income to decrease the total reported income and to fall within the “sweet spot” allows customers to claim a larger refundable credit.

56. To solicit business, LBS and Rapid Tax 1 use enticements of higher refunds based on the number of children that a potential customer has.

57. Odne and many of his managers and preparers acting at his direction and with his knowledge and consent, falsify information to claim the maximum EITC for customers. Unscrupulous tax return preparers at LBS and Rapid Tax 1 exploit the rules by claiming on their customers’ returns bogus dependents and/or by reporting phony Schedule C businesses and income. To bring the customer’s reported earned income within the “sweet spot” for the EITC, and depending on a customer’s actual income, LBS and Rapid Tax 1 preparers inflate or fabricate Schedule C income to fraudulently increase customers’ reported earned income, or claim bogus Schedule C expenses to fraudulently decrease customers’ reported earned income.

58. Reporting bogus income not only improperly enables LBS and Rapid Tax 1 to falsely claim the EITC, but to fraudulently claim other credits as well, including the Child Tax Credit and American Opportunity Tax Credit.

59. Schedule C fraud is a means by which unscrupulous tax return preparers, like many of those at LBS and Rapid Tax 1, manipulate customers’ income in order to obtain bogus refunds based on fictitious claims for the EITC and other credits. Because of the amount of the EITC credit, these preparers frequently charge higher fees in connection with their preparation of

bogus Schedules C. Of the fees that LBS charges per IRS form, it charges \$250 or more for a Schedule C, the most for any form.

60. Because of the potential for abuse in claiming the EITC, Congress has authorized the Secretary of the Treasury to impose “due diligence” requirements on federal tax return preparers claiming the EITC for their customers. *See* 26 U.S.C. § 6695(g). These “due diligence” requirements obligate the tax return preparer to make “reasonable inquiries” to ensure the customer is legitimately entitled to the EITC. The tax return preparer may not “ignore the implications of information furnished to, or known by, the tax return preparer, and must make reasonable inquiries if the information furnished to the tax return preparer appears to be incorrect, inconsistent, or incomplete.” *See* 26 C.F.R. § 1.6695-2 (2011). Tax return preparers must also document their compliance with these requirements and keep that documentation for three years. *Id.*

61. To document compliance with the due diligence requirements, tax return preparers must complete either the “Paid Preparer’s Earned Income Credit Checklist” (Form 8867) and record and maintain other documentation verifying customer eligibility for the EITC.

62. As mentioned above, Odne, LBS, and Rapid Tax 1 provide Odne’s DSMs and preparers with specific instructions or cheat sheets that provide predetermined answers to input into the tax return preparation software to claim the EITC on customers’ returns, and dictate what boxes to check on the IRS Form 8867, “Paid Preparer’s Earned Income Credit Checklist.” These instructions – and the predetermined answers – demonstrate that the actual information (if any) provided by customers is disregarded by preparers, who simply answer the questions in the manner that LBS and Rapid Tax 1 instruct in order to claim the EITC for customers who are not

actually eligible for the credit (or for the inflated amount claimed by LBS and Rapid Tax 1):

EIC 2 NOTES:
<b>SITUATION 1:</b> -W2 taxpayer: click "yes" for "Does the income appear to be sufficient to support the taxpayer and qualifying children....." - click "not applicable" "taxpayers with self-employment income."
<b>SITUATION 2:</b> -Schedule C taxpayer: click "yes" for "Does the income appear to be sufficient to support the taxpayer and qualifying children....." - Question 2.) Fill out how many years the business has been in existence - Question 3.) Fill in "self" - Question 4.) Click "no" - Question 4b.) Type "by income only" - Question 5.) Click "yes" - Question 5a.) Click "log books" - Question 6.) "No" if there are no 1099-misc forms to support income, "yes" for 1099 taxpayer - Question 6b.) "Yes" - Question 7.) "Yes" - Question 8.) "Yes" - Question 9.) "No"

63. Because the Forms 8867 EITC Checklists that Odne's LBS and Rapid Tax 1 stores generate are based on instruction sheets providing pre-determined answers showing that customers are eligible for the EITC, these forms, maintained in customers' files, appear to be complete, accurate, and based on statements and documentation provided by customers. In reality, because the answers are pre-determined, the only function of the Form 8867 EITC Checklist completed by LBS or Rapid Tax 1 is to give the illusion that LBS and Rapid Tax 1 comply with the due diligence requirements.

64. A closer review of LBS and Rapid Tax 1 customer files reveals that Odne and many of his managers and preparers utterly fail to comply with the due diligence requirements. Customers are given an intake form to complete, which is comprised of several sections. The first few sections request basic information such as name, address, social security number, filing

status, and dependents. The final section pertains to any business that the customer operated. Often these intake forms are not fully completed by the customer, if they are marked at all. In many instances the LBS or Rapid Tax 1 preparer entirely disregards the customer's responses on the intake form.

65. The LBS and Rapid Tax 1 intake forms apparently serve no other purpose than to give the illusion that LBS and Rapid Tax 1 are questioning their customers and complying with the due diligence requirements. Frequently LBS and Rapid Tax 1 preparers, rather than the customers, complete the form to support the claims that the preparer is fabricating on customers' tax returns.

66. The conduct of Odne and many of his managers and preparers shows an intentional disregard for the tax laws and in particular for the due diligence requirements, and demonstrates their unwillingness to comply with the requirements. Not only do Odne and many of his managers and preparers fail to adhere to the due diligence requirements, but they are falsifying information in order to maximize the EITC for their customers.

#### **Intentionally Claiming an Improper Filing Status and Bogus Dependents**

67. Odne and many of his managers and preparers also routinely prepare tax returns reporting false filing status. Specifically, head-of-household filing status is claimed on customers' tax returns to increase the amount of the customers' standard deduction, even though LBS or Rapid Tax 1 is aware that the customer does not qualify for head-of-household status.

68. Odne and many of his managers and preparers frequently file separate returns for married couples who are not living apart, improperly using the "head-of-household" or "single" filing status, both of which are unavailable to married couples living together. Often, this is an attempt to increase the claimed EITC; a couple with at least two children who, together, would

otherwise receive a single EITC refund of \$5,000 by properly claiming “married, filing jointly,” may instead each receive a refund of \$3,000 or more, by both falsely claiming head-of-household or single status and each claiming at least one dependent.

69. Additionally, Odne and many of his managers and preparers claim dependents who do not actually qualify as dependents on customers’ tax returns, and then claim head-of-household filing status to increase the customers’ refunds through both the false filing status and fraudulent EITC claim based on the bogus dependents.

#### **Fabricated Schedule C Business Income and Expenses**

70. Odne and many of his managers and preparers also prepare tax returns reporting non-existent businesses on bogus Forms Schedule C. On some of these returns, LBS or Rapid Tax 1 reports substantial income, but little or no expenses. On other returns, LBS or Rapid Tax 1 reports substantial expenses, but little or no income. The determining factor is whether LBS or Rapid Tax 1 needs to inflate a customer’s income (or create income when the customer has none) to bring the income within the EITC range or “sweet spot,” or to lower the taxable income of a customer who has actual income (such as wages reported on a W-2) in order to either bring the income within the EITC “sweet spot” or simply to create a phony business loss to offset the customer’s wages and fraudulently reduce the customer’s income tax liability.

71. Odne and many of his managers and preparers also coerce customers to provide information that LBS or Rapid Tax 1 can then use to fabricate claims on the customers’ tax return. One LBS script, captioned “Schedule C,” instructs preparers as follows: “if the person has a W-2 and made 5,000 or less ask if they have their own business give them examples of their own business (ex. hairstyling, nails, cutting grass).” A Rapid Tax 1 script instructs preparers to ask customers: “Did you make money on the side for income? It could have been

anything. It's ok if you did, it will only help you." Thus, based on the preparer's suggestions, if a customer responds that they cut a friend's hair, or cut a family member's lawn, or cooked for a church event, LBS and Rapid Tax 1 then falsely report that as a business on a Schedule C with bogus income and/or expenses in order to bring the income within the EITC "sweet spot" or to simply reduce the taxable income.

### **Bogus Schedule A Deductions**

72. Reporting bogus Form Schedule A deductions is another tactic commonly used by Odne and many of his managers and preparers to fraudulently reduce customers' taxable income. As with bogus Schedule C business losses, the bogus Schedule A deductions are typically reported on the tax returns of customers who have over \$24,000 in wage income reported on Forms W-2.

73. Odne and many of his managers and preparers often prepare tax returns for customers which include false claims for purported unreimbursed employee business expenses. Section 162 of the Internal Revenue Code governs trade or business expenses. These returns often claim deductions for fabricated, fraudulently inflated, and/or non-qualifying business expenses. IRS Publication 529 (which is readily available and easy to understand) provides examples of qualifying business expenses, including "Union dues and expenses" and "Work clothes and uniforms if required and not suitable for everyday use." *See* IRS Publication 529 (2013) (available online at: <http://www.irs.gov/publications/p529/ar02.html>). Publication 529 also provides examples of expenses that do not qualify as business expenses, including "Commuting expenses," "Lunches with co-workers," "Meals while working late," and "Personal, living, or family expenses."

74. One LBS script instructs the preparer to ask specific questions to customers:

**(SCHEDULE A QUESTIONS)**

- HOW MUCH DID YOU SPEND ON GAS?
- DID YOU ATTEND CHURCH? ( 10% TITHES) OR -DID YOU GIVE TO ANY CHARITIES?
- DID YOU PURCHASE ANY WORK UNIFORM(S)?
- DID YOU PURCHASE ANY WORK SHOES?
- DID YOU PURCHASE ANY TOOLS?
- ANY MEDICAL OR DENTAL EXPENSES?
- WHAT WAS YOUR CELL PHONE BILL?

If customers respond, for example, that they drove to and from work, Odne and many of his managers and preparers then claim a non-qualifying expense for commuting on the customers' returns. If customers respond that they attend church, Odne and many of his managers and preparers claim that the customers made charitable contributions, even if they did not. Odne and many of his managers and preparers thus push customers to provide information that Odne and managers and preparers can manipulate to make bogus claims on customers' tax returns.

75. The LBS training "test" specifically instructs preparers that "Schedule A should only be used when the taxpayer has an outstanding income of 24,000 [dollars] or higher." Similarly, the Rapid Tax 1 test states that a Schedule A cannot get "any money" for a customer with \$21,400 in income, and instructs employees to "Do nothing" for customers with income between \$10,000 to \$24,000. Odne and many of his managers and preparers frequently report on Forms Schedule A that customers had qualifying expenses such as unreimbursed employee business expenses, medical expenses, state and personal property taxes, charitable contributions, and uniforms, when the customer had no such expenses.

76. Odne and many of his managers and preparers commonly improperly deduct vehicle expenses on the Forms Schedule A attached to customers' returns. LBS's training "test" lists "Auto Expense," as well as Forms Schedule A and C, as one of the "4 forms that can get the

client the maximum refund.” Odne and many of his managers and preparers frequently report that a customer used a personal vehicle for a business purpose and that the customer drove tens of thousands of miles for work. In reality, the majority of this purported mileage is for commuting from home to work, which is not a qualifying vehicle expense. Odne and many of his managers and preparers also inflate the customer’s actual commuting mileage on the tax return. Therefore, not only are Odne and many of his managers and preparers claiming an improper, non-qualifying expense, but they are falsely inflating the mileage number in order to further increase the bogus deduction on customers’ tax returns.

77. Odne and many of his managers and preparers frequently report fabricated or inflated charitable contributions on customers’ Forms Schedule A. One Rapid Tax 1 script instructs employees to ask customers: “Did you make any donations? It could have been to anyone. Donations is donations, it does not matter who you gave the donation to.” Of course, it does matter who donations were made to in order to claim it as a deduction on a tax return.

78. For example, customer R.M., a teacher, was falsely told that she could deduct supplies that she bought for her classroom because it was a donation to the school. The Rapid Tax 1 preparer not only falsely claimed R.M.’s classroom expenses as a charitable contribution on her tax return, but fabricated contributions purportedly made to the Salvation Army that R.M. did not make and did not tell the preparer that she made.

#### **Bogus Education Credits**

79. Another practice at Odne’s LBS and Rapid Tax 1 stores is fabricating education expenses and falsely claiming refundable education credits, including the American Opportunity Education Credit, on customers’ federal income tax returns. Unlike many tax credits, a



refundable tax credit entitles qualifying taxpayers to receive refunds even if they have no tax liability. Odne and many of his managers and preparers routinely and repeatedly claim false education credits on the tax returns of customers who did not attend college and had no qualifying education expenses, in order to fraudulently reduce their customers' taxable income and generate a larger bogus refund (and increasing the fees that they charge to customers).

### **Improperly Preparing and Filing Returns based on Pay Stubs**

80. Odne and many of his managers and preparers also prepare and file federal income tax returns using customers' end-of-year pay stubs and then file their customers' tax returns without valid Forms W-2. In other instances, an IRS Form 4852, "Substitute for Form W-2," is attached to customers' returns, which falsely claims that the employer did not timely issue a Form W-2. In reality, the returns are prepared before the end of the tax year and/or before an employer even has the ability to issue a Form W-2 for that year.

81. Federal tax returns for wage earners must be prepared using Forms W-2. Using pay stubs to prepare and file tax returns is improper and violates IRS rules. Moreover, end-of-year pay stubs frequently omit income and distributions that are shown on employer-issued Forms W-2. Thus, preparing and filing federal income tax returns based on information from end-of-year pay stubs inevitably results in errors and omissions on federal tax returns, which necessarily interferes with the administration and enforcement of the internal revenue laws. Odne and many of his managers and preparers know that using paystubs to prepare and file returns violates IRS rules and regulations because in order to participate in the IRS's electronic filing program, all electronic filers, including those at Odne's LBS and Rapid Tax 1 stores, must acknowledge that they will comply with the IRS's requirements, which expressly prohibit filing returns prepared with pay stubs and without genuine Forms W-2. IRS Publication 1345 also

mandates that electronic filers “must not electronically file individual income tax returns prior to receiving Forms W-2, W-2G or 1099-R.”

82. LBS and Rapid Tax 1 begin soliciting customers in December by falsely telling customers that their returns can be prepared using their most recent paystub. LBS’s and Rapid Tax 1’s stores open on December 26, before the end of the tax year, before customers know how much income they earned and taxes they owe for the year, and before employers are able to issue Forms W-2 to their employees. Forms W-2 are not available to employees before the end of the calendar tax year, and tax returns cannot be filed before January of the processing year.

83. The “presentation script” that employees are trained to recite to prospective customers specifically instructs the employee to tell the potential customer to bring in their paystub to have their tax return prepared.

84. LBS and Rapid Tax 1 customers fill out a taxpayer personal information sheet, which identifies the customer’s name, address, social security number, and dependent information. The customers often complete these forms in December or early January, and because their employers have not yet issued Forms W-2, LBS and Rapid Tax 1 use the customers’ most recent pay stub to prepare tax returns and create fake Forms W-2. LBS and Rapid Tax 1 instruct employees to retain the original pay stub in the customer files and to not file the pay stub with the IRS. LBS stores even maintain a separate storage bin for files of customers whose returns were prepared using a pay stub rather than a Form W-2.

85. Odne knows that preparing tax returns based on paystubs violates IRS rules and regulations. As previously mentioned, DSMs, as Odne was at LBS, serve as EROs for the store they manage and have EFINs to electronically file returns. IRS Publication 1345 also mandates

that “EROs must not electronically file individual income tax returns prior to receiving Forms W-2, W-2G or 1099-R.”

86. The power point presentation that LBS and Rapid Tax 1 show at their training sessions instructs employees to tell potential customers: “Yes, we do last paycheck stubs. Come to our office and we will take care of you!” The presentation also warns employees not to file the actual paystub with the IRS because “your EFIN will be SUSPENDED and you will be DROPPED!!” Thus, LBS and Rapid Tax 1 encourage the pay stub filing practice, but simply instruct employees not to get caught.

87. Instead of filing the pay stub, the LBS and Rapid Tax 1 training “test” specifically instructs preparers that a “Form 4852 is used for all last pay stub clients.” Form 4852 is a Substitute for Form W-2 that is properly used when an employer does not issue a Form W-2 to the employee. It is not permissible to use a Form 4852 if a Form W-2 is or will be issued; the Form 4852 itself lists the possible penalties for improper use.

88. By preparing tax returns before the end of the tax year, Odne, LBS, and Rapid Tax 1 unfairly solicit business before competitors.

#### **Deceptive, Unconscionable, and Undisclosed Fees**

89. Odne’s LBS and Rapid Tax 1 stores charge unconscionably high fees to prepare tax returns, mostly through added, deceptive fees which are typically charged without customers’ knowledge.

90. LBS and Rapid Tax 1 intentionally deceive customers regarding the fees charged for the preparation of tax returns.

91. The LBS training “test” specifically instructs employees to tell potential customers who call LBS asking what the charge is for preparing a tax return to respond with:

“\$75. Would you like to set an appointment?” The LBS “Telephone Script” instructing employees how to speak to a potential customer on the phone directs employees to respond to the question “How much do you charge?” with: “We charge \$75. You do not have to pay us up front; it will be deducted automatically from your refund.” Similarly, the Rapid Tax 1 “Telephone Script” instructs employees to tell customers that the fees “start at \$75.”

92. However, the actual cost may be several hundred dollars or more depending on the forms and schedules attached to the tax return. LBS and Rapid Tax 1 charge additional fees for each form and schedule (such as a Schedule C or a Form 8863 for an education credit) attached to the Form 1040 tax return. LBS and Rapid Tax 1 charge separate fees for forms and schedules such as the electronic filing authorization (Form 8879) which is required for e-filing, the EITC qualifying child form (Schedule EIC), and the related EITC due diligence checklist (Form 8867), which must be completed in connection with a claim for the EITC. These fees result in a total tax return preparation fee much higher than the \$75 advertised.

93. LBS customers must also pay the “service bureau” and “LBS transmittal” fees, totaling \$74, and fees to Drake software and EPS Financial (the refund processor) of \$7 and \$15 to \$20, respectively, in 2013. Thus, for a customer to have LBS prepare and e-file a basic federal income tax return (which is the appropriate return for the majority of customers), the actual bare minimum is far more than the \$75 advertised amount. Rapid Tax 1 has similar fees that go directly to Rapid Tax 1, including a \$15 “document preparation fee” and a “Transmitter” fee that may total hundreds of dollars, all in addition to the return preparation fee.

94. For example, in 2015, Rapid Tax 1 charged customers J.M. and R.M. a return preparation fee of \$710, a \$15 document preparation fee, a “Transmitter” fee of \$154.90, and a fee to Santa Barbara Tax Products Group (the third-party refund processor that receives the

refund from the IRS, subtracts and transmits Rapid Tax 1's various fees, and transmits the balance to the customer) in the amount of \$34.95. These fees totaled \$914.85, all but \$34.95 of which went to Rapid Tax 1.

95. The high fees (and fee structure, which encourages the addition of unnecessary and often improper forms and schedules to the Form 1040) are a strong incentive for LBS to prepare and file fraudulent returns claiming excessive refunds based on bogus claims and associated forms and schedules.

96. Because LBS and Rapid Tax 1 target low-income individuals, the high fees frequently pose a significant financial hardship for customers. Additionally, fees are unconscionable for the basic tax returns being prepared for these customers, who are often eligible for free tax return preparation and electronic filing elsewhere.

97. Odne and his LBS and Rapid Tax 1 stores also routinely and intentionally fail to disclose to customers all fees charged. LBS and Rapid Tax 1 train employees how to present forms to customers to sign, including a form acknowledging the fees charged, without allowing the customer to closely review or understand the forms they are signing. Alternatively, LBS and Rapid Tax 1 tell customers one amount for fees and then later increase the fees without the customers' knowledge or consent. Customers are often surprised to learn that the refund requested on their return is hundreds if not thousands of dollars more than the refund amount that they received after the fees were deducted.

98. Customers often complain that they did not know in advance that they would be charged exorbitant fees. LBS and Rapid Tax 1 provide customers with the amount of the refund that they will be receiving, which is much less than the refund amount that was actually claimed on their tax return (which is not disclosed to customers at the time their tax returns are prepared).

This is a recurring theme of complaints filed with the IRS and the Better Business Bureau, as well as local news reports regarding LBS locations across the country.

99. To the extent that customers are advised that additional fees may be charged per each additional form, they are not advised upon completion of the preparation of the tax return the total amount of those fees. If customers question the fee, employees are instructed to tell the customer how much more money the preparer got the customer by adding additional forms to the tax return to increase the refund, and that, as the preparer stated in the initial LBS “presentation script,” each of those forms to get the customer more money back costs an additional fee. The Rapid Tax 1 training “test” instructs employees who receive phone calls from customers “ask[ing] about the charges” to tell the customer that Rapid Tax 1 “cannot provide that information over the phone because of IDENTITY FRAUD.”

100. LBS’s and Rapid Tax 1’s fees are not paid by customers at the time of the preparation of their tax returns, but instead are subtracted from the customers’ tax refund. By doing so, LBS and Rapid Tax 1 are able to conceal from unsuspecting customers the actual amount that the customers pay to have their tax return prepared. Customers typically do not discover that LBS and Rapid Tax 1 charged much more than the customers anticipated for the preparation of their tax return until the customers receive a refund that is much less than quoted by the tax return preparer because LBS and Rapid Tax 1 had subtracted it high fees.

101. Tax refunds issued to customers are directed from the IRS to a third-party processor’s bank account. The processor then deducts and transmits the fees owed to Odne for preparing the tax return, and directs the remaining refund amount to the customer through direct deposit or check. The check issued to the customer does not state the amount of fees deducted, which makes it easy for LBS and Rapid Tax 1 to conceal, inflate and/or lie about their fees.

102. LBS's and Rapid Tax 1's practice of charging unconscionable and undisclosed fees violates consumer protection laws. The undisclosed and unconscionable fees also interfere with the administration and enforcement of the internal revenue laws. Potential customers go to LBS and Rapid Tax 1 believing that they will be charged a reasonable fee for the honest and accurate preparation of their tax return. Instead, LBS and Rapid Tax 1 charge unconscionable fees (based on the inclusion of additional forms and schedules that frequently make fabricated claims designed to fraudulently increase the customers' refund), that are subtracted from customers' falsely inflated refunds, without full disclosure to the customer. Such predatory behavior erodes consumer confidence in tax return preparers and dissuades taxpayers from seeking professional assistance with the preparation of their federal tax returns.

**Failure to Provide Customers with Copies of their Completed Tax Returns  
in Violation of 26 U.S.C. § 6701(a)**

103. Odne and many of his managers and preparers commonly fail to provide customers with copies of their completed tax returns. The completed tax return, filed with the IRS, shows the refund that LBS or Rapid Tax 1 is claiming for the customer. By giving a copy of the tax return to the customer, the customer is able to determine the amount of fees charged by LBS or Rapid Tax 1 by subtracting the amount of the refund that the customer actually receives from the amount of the refund claimed on the tax return. LBS's and Rapid Tax 1's failure to provide a copy of a customer's completed tax return is part of LBS's and Rapid Tax 1's strategy to conceal its actual fees from its customers.

104. Failing to provide a customer with a copy of the completed tax return also violates 26 U.S.C. § 6107(a), which requires that a tax return preparer "shall furnish a completed copy of

[a tax return or claim for refund] to the taxpayer not later than the time such return or claim is presented for such taxpayer's signature."

105. LBS's training "test" states that employees should provide a customer with a copy of the customer's tax return "Only if we will be E-filing the same day or if we have already E-filed." In reality, LBS and Rapid Tax 1 customers do not receive copies of their tax returns, particularly those whose returns are prepared based on a pay stub days or weeks before the IRS accepts filed tax returns. The answer to the LBS and Rapid Tax 1 "test" question about whether to "give customers their copies of their 1040 tax papers" on January 5, 2013 is simply "NO."

106. Not only do LBS and Rapid Tax 1 not provide a copy of the completed tax return to customers at the time it is prepared, but LBS and Rapid Tax 1 fail to provide a copy after electronically filing the return, and also refuses to provide a copy later on the customer's demand. Customers who do receive a copy typically receive only the first two pages of the Form 1040, but not the other forms filed with the return, such as Forms Schedule A, Schedule C, and 2016. This is because LBS and Rapid Tax 1 make fraudulent claims on these forms and, to conceal the fraud from customers, do not provide them with copies of these completed forms.

**Examples of the Widespread and Common Fraud at  
Odne's LBS Tax Services and Rapid Tax 1 Locations**

107. The IRS examined (and is continuing to examine) the tax returns of many of Odne's customers, and the government interviewed other customers. The following examples illustrate the fraud described above.

**Customer M.S.**

108. M.S. had his 2012 and 2013 federal income tax return prepared at the LBS Tax Services and Rapid Tax 1 store located at 801 34th St. North, Saint Petersburg, Florida.



109. M.S. received wages totaling \$14,340 in 2012. The LBS preparer falsely reported on the Schedule A attached to the tax return that M.S. had unreimbursed employee business expenses totaling \$11,100, based on a purported 20,000 miles driven using a personal vehicle for work.

110. The preparer also falsely claimed on the Schedule C attached to the 2012 tax return that M.S. had a business – not identified by name or type of business – that had no sales but a loss in the amount of \$5,000 for supplies.

111. By fabricating this business loss and the employee business deductions, the preparer fraudulently reduced M.S.'s taxable income to zero, and claimed an EITC in the amount of \$2,971 and a bogus refund in the amount of \$6,609 on M.S.'s 2012 tax return.

112. In 2013, M.S. received wages totaling \$37,623. Rapid Tax 1 falsely claimed on the Schedule A attached to the tax return that M.S. had \$22,600 in unreimbursed employee business expenses for vehicle expenses related to 40,000 miles purportedly driven using a personal vehicle for work. The Schedule A also falsely claimed \$6,000 in charitable contributions. M.S. had no such unreimbursed employee business expenses, nor did M.S. make \$6,000 in charitable contributions in 2013. According to M.S., the preparer asked him about the tools he used for his job, the number of miles that he drove to and from work, and the amount of contributions that he made. M.S. did not provide any amounts to the preparer.

113. The Rapid Tax 1 preparer also falsely claimed on a Schedule C attached to the 2013 tax return that M.S. had a business, unidentified by name or type of business, through which he had no gross receipts but incurred a loss in the amount of \$4,615 for supplies. M.S. had no such business and did not tell the preparer that he had a business.

114. The preparer did not review the completed tax return with M.S. By claiming the fabricated Schedule A deductions and phony Schedule C business loss on M.S.'s 2013 tax return, Rapid Tax 1 fraudulently reduced M.S.' taxable income to zero, claimed an EITC in the amount of \$774, and claimed a bogus refund in the amount of \$6,748.

**Customers C.M. and E.M.**

115. C.M. and E.M. had their 2013 federal income tax return prepared at the Rapid Tax 1 store located at 7706 W. Hillsborough Ave., Tampa, Florida.

116. According to C.M., the preparer asked her questions that a preparer had never asked her before, and the preparer told C.M. that she had been missing out on deductions.

117. The Rapid Tax 1 preparer falsely claimed on the Schedule C attached to the Ms.' tax return that C.M. had a hairstyling business through which C.M. received \$563 in sales, but incurred \$25,399 in expenses, for a loss of \$24,836. C.M. had no such business, but worked full time and only cut hair for family and friends, which she explained to the preparer. The preparer took this information and not only fabricated a business, but also falsely claimed on the Ms.'s tax return that C.M. had a mobile hair studio, for which the preparer falsely claimed depreciation in the amount of \$9,009.

118. In addition to the depreciation for the non-existent, preparer-imagined mobile hair studio, the preparer reported phony business expenses on the Schedule C for advertising (\$592), car and truck expenses (\$7,247), supplies (\$3,267), meals and entertainment (\$1,987), utilities (\$1,174), cell phone (\$1,937), "cosmetology" (\$98), and hair dryer (\$98). The preparer never discussed these amounts with the Ms., and the Ms. did not tell the preparer that C.M. or E.M. had any such expenses.

119. By falsely reporting a \$24,836 business loss, the Rapid Tax 1 preparer falsely claimed a bogus refund in the amount of \$9,863 on the Ms.' 2013 tax return. The Rapid Tax 1 preparer also prepared amended tax returns for 2011 and 2012 for the Ms., on which the preparer reported the phony business. Fortunately, however, the IRS did not accept the amended returns.

**Customers D.S. and R.S.**

120. D.S. and R.S. had their 2012 and 2013 federal income tax returns prepared at 1300 East Bay Dr., Largo, Florida. In 2013, the tax return preparation store was called LBS, and in 2014 it was called Rapid Tax 1.

121. On the Schedule A attached to the Ss.'s 2012 tax return, the preparer falsely claimed \$33,075 in deductions. This included phony unreimbursed employee business expenses for both D.S. and R.S.

122. The preparer falsely claimed that D.S. drove his personal vehicle 30,000 miles for his job in 2012, claiming a deduction of \$16,650, and that R.S. drove her personal vehicle 35,000 miles for her job in 2012, claiming a deduction of \$19,525.

123. On the Ss.'s 2013 return, the preparer again included fabricated Schedule A deductions for unreimbursed employee business expenses, in the amount of \$39,208. The preparer falsely claimed that D.S. drove his personal vehicle 31,520 miles for his job in 2013, claiming a deduction of \$17,809, and that R.S. drove her personal vehicle 37,874 miles for her job in 2013, claiming a deduction of \$21,399.

124. When the Ss. had their 2013 return prepared, they informed the preparer that they took out an auto loan, and asked the preparer whether it was tax deductible. The preparer told the Ss. that she knew how it could be deducted, and then fabricated a purported business on the Schedule C attached to the Ss.'s 2013 return. The fabricated Schedule C reported no sales or

receipts, but a \$1,907 expense classified only as “other” expense. The Schedule C listed the principal business or profession as “car interest.”

125. As a result of these fabricated claims, the Ss.’s 2012 and 2013 tax returns claimed bogus refunds in the amounts of \$5,743 and \$3,575, respectively. The Ss. did not receive a complete copy of their 2012 tax return from LBS, as the copy that they received had only the first two pages of the Form 1040 and a Form 8379 Injured Spouse Allocation, and did not include a copy of the Schedule A or Form 2106 with the bogus itemized deductions and employee business expenses.

**Customer M.N.**

126. M.N. had her 2013 federal income tax return prepared at the Rapid Tax 1 store located at 1300 East Bay Dr., Largo, Florida.

127. M.N. was married in 2013, and had been married since 2001. However, the Rapid Tax 1 preparer falsely reported M.N.’s filing status as “head of household” rather than “married filing jointly” or “married filing separately.”

128. The preparer falsely claimed deductions on the Schedule A attached to M.N.’s tax return totaling \$25,497, including charitable contributions in the amount of \$8,000 and unreimbursed employee business expenses in the amount of \$17,587. The phony business expense was for a purported 31,128 miles driven by M.N. using her personal vehicle for her job in 2013. M.N. did not have such expenses, did not tell the preparer that she had any such expenses, and did not know that the preparer reported them on her tax return.

129. In addition, the preparer falsely claimed on a Schedule C attached to the tax return that M.N. had a business, unidentified by name or type of business, with no sales but that incurred \$7,000 in expenses for supplies, for a phony loss of \$7,000.

130. As a result of these fabricated claims, the Rapid Tax 1 preparer falsely claimed a refund in the amount of \$9,690 on M.N.'s 2013 tax return.

**Customer N.M**

131. N.M. had her 2013 federal income tax return prepared at the Rapid Tax 1 store located at 1300 East Bay Dr., Largo, Florida.

132. N.M. went to Rapid Tax 1 because its advertisement on Facebook proclaimed that it could get its customers the most money back.

133. N.M. provided the preparer with her Form W-2, driver's license, and records for her children. In addition to working, N.M. also attended school in 2013.

134. The preparer claimed a phony child care business on the Schedule C attached to N.M.'s tax return, when N.M. had no such business and did not tell the preparer that she had such a business. The preparer falsely claimed that N.M. earned \$14,500 through this non-existent business. By claiming this fabricated business income, the preparer also falsely claimed the EITC in the amount of \$5,372 on N.M.'s tax return.

135. N.M. was unaware that the phony business was reported on her tax return because the preparer did not go over the completed return with N.M., and N.M. believed she was getting a large refund because she was a student.

136. As a result of the phony business income, and related EITC claim, Rapid Tax 1 claimed a bogus refund in the amount of \$6,006 on N.M.'s 2013 tax return.

**Customer T.J.**

137. T.J. had his 2013 federal income tax return prepared at the Rapid Tax 1 store located at 3117 West Columbus Dr., Tampa, Florida, after going to a different LBS store in 2012.

138. T.J. worked as a supervisor at an oil and lube store in 2013. T.J. first went to LBS because an employee from LBS came to his workplace handing out business cards and told T.J. that LBS would get him a lot of money back. When T.J. had his tax returns prepared, he gave the preparer copies of his Forms W-2 and the birth certificates and social security cards for his children.

139. On T.J.'s 2013 tax return, the Rapid Tax 1 preparer claimed fabricated deductions on the Schedule A in the amount of \$38,226. This included \$30,045 in phony unreimbursed employee business expenses, including \$18,795 based on a purported 33,265 business miles driven in 2013; \$1,068 in parking fees, tolls, and transportation; \$1,564 for uniforms; \$5,964 for tools; and \$2,654 for boots. T.J. had no such expenses, did not tell the preparer he had any such expenses, and, when he does have to drive somewhere for his job, he gets reimbursed for expenses.

140. Additionally, the preparer reported a phony business, unidentified by name or type of business, on the Schedule C attached to T.J.'s 2013 tax return. The preparer falsely claimed that T.J.'s non-existent business had sales of \$758 and expenses totaling \$26,516, for a loss of \$25,758. The fabricated non-existent business expenses included \$345 for advertising, \$16,447 for car and truck, \$2,978 for repairs and maintenance, \$3,856 for supplies, \$869 for taxes and licenses, and \$2,021 for a cell phone. T.J. did not have a business, did not tell the preparer he had a business (and told her he only worked his job as a supervisor), and was unaware that the preparer reported a business on his tax return.

141. The phony itemized deductions and business expenses exceeded T.J.'s 2013 income by \$7,508. As a result of the fabricated claims, T.J.'s 2013 tax return claimed a bogus refund in the amount of \$5,869.

**Customers A.M. and T.M.**

142. A.M. and T.M. had their 2012 federal income tax returns prepared at the LBS Tax Services store located at 8650 49th Street, Pinellas Park, Florida.

143. A.M. and T.M. were married in 2012, went to LBS together to have their tax returns prepared, and told the preparer that they were married. The preparer began preparing a joint return for A.M. and T.M.; however, the store manager told the preparer that the Ms. should file separate returns because both A.M. and T.M. received income in 2012 and that it was better for the Ms. to file separately. The preparer then prepared two separate returns for the Ms. Rather than use the proper filing status of married filing separately, the preparer – knowing that the Ms. were married and lived together – falsely claimed head of household filing status on both A.M.’s and T.M.’s tax return. The preparer also fraudulently split the Ms.’s two children, claiming two as dependents on A.M.’s tax return and two as dependents on T.M.’s tax return.

144. On A.M.’s 2012 tax return, the preparer claimed a phony business on the Schedule C attached to the return, and reported that this non-existent business - unidentified by name or type of business - had no sales or receipts but incurred expenses totaling \$16,500. The fabricated expenses included \$4,000 for advertising, \$5,000 for repairs and maintenance, \$4,000 for supplies, and \$3,500 for travel. This phony business loss, coupled with the false “head of household” filing status, fraudulently reduced A.M.’s taxable income to zero, and resulted in his tax return falsely claiming an EITC of \$5,236 and a bogus refund in the amount of \$8,899.

145. On T.M.’s 2012 tax return, the preparer falsely claimed on the Schedule C attached to the return that T.M. received income from a business in the amount of \$17,500, and had no expenses. In reality, T.M. sold products through Mary Kay, through which she earned \$1,522 and incurred some expenses in 2012. The preparer, by reporting phony business income

of \$17,500, coupled with the false “head of household” filing status, falsely claimed an EITC in the amount of \$5,236 and a bogus refund in the amount of \$6,077 on T.M.’s tax return.

146. The Ms. were unaware of the fraudulent claims that the preparer reported on their tax returns, as they did not receive copies of the completed returns. To prepare these two fraudulent tax returns, LBS charged T.M. and A.M. an astounding \$964 (plus additional fees for \$103) per return, or over \$2,100 total.

**Customer D.F.**

147. D.F. had her 2012 tax return prepared at the LBS Tax Services store located at 8650 49th Street, Pinellas Park, Florida.

148. D.F., who worked doing data entry for Cintas, provided the preparer with her Forms W-2 and 1099. The preparer asked D.F. questions about expenses, such as how far D.F. drove to and from work each day. The preparer then fabricated deductions, totaling \$16,666, on the Schedule A attached to D.F.’s return. Among the phony deductions was \$16,650 for unreimbursed employee business expenses, for a purported 30,000 miles driven by D.F. for her job using her personal vehicle. D.F. did not drive for her job, but only drove to and from work.

149. The preparer also falsely claimed on a Schedule C attached to the tax return that D.F. had a business, unidentified by name or type of business, with no sales but expenses totaling \$15,000, including \$5,000 each for advertising, for repairs and maintenance, and supplies.

150. The preparer also claimed a phony education credit in the amount of \$1,000, by falsely claiming on the Form 8863 attached to the tax return that D.F. was a student at St. Petersburg College and that she incurred \$4,000 in qualified education expenses.

151. D.F. was unaware of the false claims on her tax return because the preparer did not review the completed return with her. D.F. was also not told how much she paid to have her



tax return prepared, only that the fee would be taken out of her refund. By claiming the phony deductions on the Schedule A, phony business loss, and phony education credit, the preparer fraudulently claimed a bogus refund in the amount of \$8,900 on D.F.'s 2012 tax return.

**Customers A.S. and J.S.**

152. A.S. and J.S. had their 2012 tax return prepared at the LBS Tax Services store located at 8650 49th Street, Pinellas Park, Florida.

153. The Ss. went to LBS after receiving a flyer. The Ss. gave the preparer their Forms W-2, and A.S. told the preparer about a pension distribution that he received in 2012.

154. The preparer fabricated deductions, totaling \$21,803, on the Schedule A attached to the Ss.'s tax return. Among the phony deductions was \$16,650 for unreimbursed employee business expenses, for a purported 30,000 miles driven by A.S. for his job using his personal vehicle. This amount precisely matches that claimed on D.F.'s 2012 tax return, described in paragraph 152. A.S. did not drive for his job, but only drove to and from work.

155. The preparer also falsely claimed on a Schedule C attached to the tax return that J.S. had a business, unidentified by name or type of business, with no sales but expenses totaling \$28,750, including \$6,500 for employee benefit programs, \$6,000 for repairs and maintenance, \$7,000 for supplies, \$6,000 for taxes and licenses, and \$3,250 for meals and entertainment.

156. The preparer also failed to report the \$6,824 pension distribution that A.S. received in 2012, and to report the 10% tax that A.S. was required to pay for early withdrawal.

157. The Ss. were unaware of the false claims on their tax return because the preparer did not review the completed return with them. The Ss. also were not told how much they were charged to have their tax return prepared.

158. By claiming the phony deductions on the Schedule A, phony business loss, and not reporting the early pension withdrawal, the preparer fraudulently claimed a bogus refund in the amount of \$9,546 on the Ss.'s 2012 tax return.

**Customers L.M. and Z.M.**

159. L.M. and Z.M. had their 2013 tax returns prepared at the Rapid Tax 1 store located at 4202 E. Busch Blvd., Tampa, Florida.

160. The Ms. have been married since 2006. The Ms., who went together to Rapid Tax 1 to have their return prepared, told the preparer that they were married, but the preparer prepared two separate returns. The preparer falsely claimed head of household filing status on Z.M.'s tax return, and married filing separately on L.M.'s tax return. The preparer claimed the Ms.'s two children as dependents on Z.M.'s tax return. The preparer did not explain to the Ms. why she prepared two separate returns, the requirements to claim head of household filing status, or why she falsely reported this filing status on Z.M.'s tax return.

161. The Ms. gave the preparer copies of their IDs, Forms W-2, their social security cards, and their children's social security cards. L.M. also sold one screen-printed shirt in 2013, making about \$24. The preparer asked L.M. how much he drove to and from work at Nordstrom's and how much he spent buying a car in 2013. The preparer then falsely claimed on the Schedule C attached to L.M.'s tax return that he had a "printing" business that had \$497 in sales but incurred \$25,295 in expenses. The phony expenses included \$285 for advertising, \$4,265 for car and truck expenses, \$15,866 for depreciation, \$2,152 for supplies, \$1,563 for meals and entertainment, \$485 for utilities, and \$679 for a cell phone. L.M. had no such expenses, and did not tell the preparer that he had any such expenses. The preparer only asked

L.M. about his car expenses and commuting mileage, and nothing about the expenses reported on the Schedule C.

162. By claiming the phony Schedule C business loss on L.M.'s 2013 tax return, the Rapid Tax 1 preparer claimed a bogus refund in the amount of \$2,560.

163. By preparing a separate return for Z.M. on which she falsely claimed head of household filing status and reported the Ms.'s two children as dependents, the Rapid Tax 1 prepared fraudulently claimed an EITC in the amount of \$4,930 on Z.M.'s 2013 tax return, and a bogus refund in the amount of \$6,850.

164. The preparer did not review the completed tax returns with the Ms. Rapid Tax 1 did not provide the Ms. with complete copies of their tax returns, but only the first two pages of the Form 1040. According to the Ms., they signed several documents at Rapid Tax 1, but do not know what they signed, and did not receive copies of the documents that they signed.

**Customer F.E**

165. F.E. had her 2012 tax return prepared at the LBS Tax Services store located at 8650 49th Street, Pinellas Park, Florida.

166. F.E. worked for the U.S. Postal Service as a mail sorter in 2012. F.E. provided the preparer with copies of her Forms W-2 and 1099, and information regarding her dependent grandchild.

167. The preparer fabricated deductions, totaling \$27,256, on the Schedule A attached to F.E.'s tax return. This included phony deductions for charitable contributions in the amount of \$5,000 (F.E. donated \$1,487 to her church in 2012) and unreimbursed employee business expenses of \$22,200.

168. The preparer falsely claimed on the Form 2106, Unreimbursed Employee Business Expenses, that F.E. drove her personal vehicle 40,000 miles for her job as a mail sorter in 2012.

169. The preparer also fabricated a business on the Schedule C attached to F.E.'s tax return, falsely claiming that F.E. had a business – unidentified by name or type of business – that had no sales but incurred \$30,500 in expenses, including \$3,500 for advertising, \$6,000 for insurance, \$9,000 for repairs and maintenance, \$9,000 for supplies, and \$3,000 for meals and entertainment. F.E. did not have a business and did not have any such expenses.

170. The preparer did not review the completed return with F.E. By falsely claiming itemized deductions in the amount of \$27,256 and a Schedule C loss of \$30,500, the LBS preparer fraudulently claimed that F.E.'s taxable income was zero (due to F.E.'s reported phony deductions and business losses exceeding her income by \$1,747) and thereby claimed a bogus refund in the amount of \$10,067 on F.E.'s 2012 tax return.

**Customers P.C. and S.C.**

171. Customers P.C. and S.C. had their 2013 tax return prepared at the Rapid Tax 1 store located at 3117 W. Columbus Dr., Tampa, Florida.

172. The Cs.'s 2012 tax return was prepared at LBS Tax Services by Lauri Rodriguez, who this Court enjoined from acting as a tax return preparer on February 5, 2015. *See United States v. Kerny Pierre-Louis, et al.*, Case No. 6:14-cv-1536 (M.D. Fla.).

173. P.C. worked as a mechanic and S.C. was a pizza delivery driver in 2013. The Cs. gave the preparer copies of their Forms W-2. The Rapid Tax 1 preparer falsely claimed deductions totaling \$55,996 on the Schedule A attached to the Cs.'s tax return. These fabricated deductions included \$31,754 in unreimbursed employee business expenses and \$11,974 in other

expenses. The phony unreimbursed employee business expenses included \$608 for uniforms, \$3,489 for tools, \$2,675 for meals, and \$5,230 for supplies; the nature of the remaining \$19,752 of purported business expenses was not identified on the return. The bogus “other expenses” on the Schedule A were identified as \$2,380 for a cell phone, \$7,334 for “entertainment,” and \$2,260 for a “vet expense.”

174. According to the Cs., the preparer asked them about their personal entertainment deductions and falsely told the Cs. that this was a deductible expense.

175. The preparer also falsely claimed that the Cs. contributed \$8,677 to charity in 2013, when the Cs. did not contribute that amount and did not tell the preparer that they contributed that amount.

176. The preparer did not review the Cs.’s completed tax return with them, and did not provide the Cs. with a copy of their tax return. As a result of the fraudulent deductions, the Rapid Tax 1 preparer claimed a bogus refund in the amount of \$8,013 on the Cs.’s 2013 tax return.

**Customer A.H.**

177. Customer A.H. had her 2014 tax return prepared at the Rapid Tax 1 located at 110 Beverly Boulevard, Brandon, Florida. A.H. worked as a nurse for a nursing home in 2014, and received wages totaling \$24,953. A.H. went to Rapid Tax 1 after receiving an advertisement on a business card, and because she has never prepared her own tax return and does not understand how to prepare a tax return.

178. A.H. provided the preparer with a copy of her driver’s license, W-2 form, and the social security card for her nephew. The preparer did not ask for any other documentation regarding A.H.’s nephew.

179. A.H. worked only in the nursing home and did not drive her car for her job; she only drove 16 miles round trip to and from work. The preparer falsely claimed on the Schedule A attached to A.H.'s return that A.H. had itemized deductions totaling \$146,884 in 2014, an amount of expenses that exceeded A.H.'s income by \$121,931. The fabricated \$146,884 included deductions for phony unreimbursed employee business expenses in the amount of \$137,735. The phony employee business expenses including personal vehicle expenses in the amount of \$137,235, based on a purported 245,062 miles driven by A.H. for her job in 2014. A.H. did not drive this many miles for her job, did not tell the preparer she drove this many miles, and does not know why the preparer reported that she had such expenses, because she and the preparer did not even discuss these expenses.

180. The preparer also falsely reported that A.H. paid \$9,214 in personal property taxes in 2014. A.H. did not give this amount to the preparer, but told the preparer that she had a document regarding her mortgage at home, and the preparer replied that he did not need to see the document. The preparer also falsely claimed that A.H. spent \$200 on tools for her job, when she had no such expenses and did not tell the preparer that she spent any money on tools

181. As a result of the Rapid Tax 1 preparer's fraudulent claims, A.H.'s 2014 tax return claimed a bogus refund in the amount of \$5,453.

**Customers J.M. and R.M.**

182. Customers J.M. and R.M. had their 2013 federal income tax return prepared at the Rapid Tax 1 located at 7706 W. Hillsborough Ave., Tampa, Florida, and their 2014 federal income tax return at the Rapid Tax 1 located at 110 Beverly Blvd., Brandon, Florida.

183. J.M. delivers parts and supplies, and R.M. is a teacher. J.M. sometimes transports parts in his personal vehicle as part of his job. R.M. went with her mother-in-law to have the Ms.'s 2013 tax return prepared, and brought the Forms W-2 for she and her husband.

184. Rapid Tax 1 falsely claimed on the Schedule A attached to the Ms.'s 2013 return that the Ms. had unreimbursed employee business expenses in the amount of \$36,045. The preparer did not file a Form 2106, as required, to identify the fabricated expenses. However, the preparer did identify some of those expenses on an attached expenses statement as "educator expenses" (\$3,489), uniform (\$215), shoes (\$115), tools (\$989), uniform (again) (\$172), and shoes (again) (\$255). These identified expenses total only \$5,235, over \$30,000 less than the \$36,045 reported on the Schedule A. In any event, the Ms. had no such expenses and did not tell the preparer that they had these job-related expenses. Interestingly, line 23 of the Ms.'s 2013 Form 1040 also lists an educator expense, in the amount of \$250. The Schedule A also falsely claimed that the Ms. made \$5,215 in charitable contributions in 2013.

185. The Ms. only received the first two pages of their 2013 Form 1040 and were unaware of the fraudulent claims made on their tax return. As a result of the fabricated claims, Rapid Tax 1 claimed a bogus refund in the amount of \$4,040 on the Ms.'s 2013 tax return.

186. In 2014, R.M. again went with her mother-in-law to have the Ms.'s 2014 tax return prepared. In addition to the Ms.'s Forms W-2, R.M. brought a mortgage coupon book showing the mortgage expenses and property taxes related to the house that the Ms.' owned in 2014, and showed the preparer an electronic copy of her graduate school tuition statement.

187. The preparer asked R.M. to estimate the mileage that her husband drove from home (in Tampa) to work (in Clearwater). The preparer also asked R.M. if the Ms. had cell phone expenses, and she did not give the preparer an amount. The preparer never asked about

work expenses for tolls, parking, or travel. The preparer falsely claimed on the Schedule A and Form 2106 attached to the Ms.'s 2014 tax return that J.M. had \$49,798 in unreimbursed employee business expenses in 2014, including \$43,702 for vehicle expenses, \$3,500 for tolls and parking, and \$900 for overnight travel expenses.

188. The fabricated vehicle expenses were for a purported 78,040 miles driven in 2014. According to R.M., J.M. has owned his car for 3 years, and the odometer just recently reached 40,000 miles. This total mileage for a 3 year period is far less than the purported 2014 mileage fabricated by the preparer.

189. The preparer also falsely claimed that J.M. had cell phone expenses for his job in the amount of \$840, and uniform expenses in the amount of \$856. In response to the preparer's question about whether J.N. had uniform expenses, R.M. told the preparer that he bought 3 pairs of shoes for about \$99 each in 2014.

190. As stated in paragraph 82 above, the preparer falsely told R.M. that she could deduct her expenses for classroom supplies as charitable contributions. The preparer falsely claimed that the Ms. made \$1,700 in charitable contributions, including purported contributions to the school where R.M. was employed, and the Salvation Army.

191. As a result of the fabricated claims, Rapid Tax 1 claimed a bogus refund in the amount of \$5,920 on the Ms.'s 2014 tax return.

**Customers N.S. and D.S.**

192. N.S. and D.S. had their 2012 federal income tax return prepared at the LBS Tax Services store located at 3434 W. Columbus Dr., Tampa, Florida, and their 2013 and 2014 tax returns at the Rapid Tax 1 store located at 7706 W. Hillsborough Ave., Tampa, Florida.

193. The Ss. were married in 2012, 2013, and 2014. N.S. works for a roofing company.



194. In 2012, the preparer prepared a joint return for the Ss. The preparer falsely claimed on the Schedule A attached to the return that N.S. had unreimbursed employee business expenses in the amount of \$29,025, including \$25,109 in vehicle expenses (for a purported 34,269 miles driven using a personal vehicle), \$135 for tolls and parking, and \$2,840 for meals and entertainment. N.S. drives a company vehicle, not his personal vehicle, for work. N.S. did not have the claimed expenses, and did not tell the preparer that he had those expenses.

195. As a result of the fabricated expenses, LBS claimed a bogus refund in the amount of \$10,413 on the Ss.'s 2012 tax return.

196. In 2014, the Rapid Tax 1 prepared two separate 2013 tax returns for N.S. and D.S. Despite knowing that the Ss. were married, the preparer falsely claimed head of household filing status on N.S.'s and D.S.'s 2013 tax returns, and claimed one of the Ss.'s children as a dependent on N.S.'s tax return and the other two children as dependents on D.S.'s tax return. Rapid Tax 1 did not give N.S. his refund check at the store where his return was prepared, but made him go to a non-Rapid Tax 1 location to pick up his check. N.S. was given two checks, one for him and one for his wife, but did not understand at the time that the reason why he was given two separate checks was because Rapid Tax 1 filed two separate tax returns for N.S. and his wife.

197. On N.S.'s 2013 tax return, the preparer again fabricated unreimbursed employee business expenses in the amount of \$18,283. The preparer did not file a Form 2106, as required, identifying the expenses. The preparer also falsely claimed that N.S. incurred job-related depreciation expenses in the amount of \$14,899. N.S. does not know what this claimed expense is for or why the preparer reported it on his tax return. Similarly, on D.S.'s 2013 tax return, the preparer falsely reported \$14,910 in unreimbursed employee business expenses, including

\$13,347 for a purported 23,623 miles driven using a personal vehicle for her job and \$1,563 in meals and entertainment expenses.

198. As a result of fraudulently preparing separate tax returns claiming head of household status, splitting the Ss.'s dependents, and fabricating expenses, Rapid Tax 1 claimed bogus refunds in the amount of \$9,771 and \$8,159 on N.S.'s and D.S.'s 2013 tax returns, respectively.

199. Additionally, the Ss. attempted to obtain a mortgage to buy a house in 2014. The underwriter required a complete copy of the Ss.'s 2013 tax return, specifically a copy of the Schedule A, which Rapid Tax 1 had not provided. The Ss. and the underwriter attempted to obtain a copy of the complete tax return, including the Schedule A, from Rapid Tax 1. However, Rapid Tax 1 never provided a copy to either the Ss. or the underwriter, and the Ss. were unable to obtain a mortgage.

200. The Rapid Tax 1 preparer prepared a joint tax return for the Ss. for 2014. The preparer falsely claimed that N.S. had unreimbursed employee job expenses totaling \$48,794, including \$38,024 for vehicle expenses, \$700 for parking and tolls, and \$4,680 for meals and entertainment. N.S. had no such expenses and did not tell the preparer that he had these expenses. As a result of the fraudulent claims, the Ss.'s 2014 tax return claimed a bogus refund in the amount of \$10,916.

201. According to N.S., for all three years, the preparer reported other "inflated" expenses on his tax returns without his knowledge. For example, in 2014, the Ss. donated around \$600 to charity. The preparer falsely inflated this amount on the Ss.'s tax return, reporting that the Ss. donated \$6,872 to charity. The Ss. did not give the preparer this amount, were not told by the preparer that this amount was reported on their tax return, and do not know why the preparer

reported this amount. The LBS and Rapid Tax 1 preparers never went over the completed tax returns with the Ss. and never gave the Ss. complete copies of their tax returns.

**Customers W.D. and C.D.**

202. W.D. and C.D. had their 2014 tax return prepared at the Rapid Tax 1 store located at 110 Beverly Blvd., Brandon, Florida.

203. The Ds. provided the preparer with their Forms W-2 and 1099, ID, and social security cards. W.D. worked at a hospital and also received income through 5Linx, a telecommunication business that issued him a Form 1099. C.D. worked as a nurse at a nursing home.

204. The preparer asked C.D. how much she drove to and from her job, and C.D. estimated that she drove 70 miles roundtrip for her commute, 4 days per week. The preparer falsely claimed on the Schedule A and Form 2106 attached to the tax return that C.D. had unreimbursed employee business expenses in the amount of \$16,624, purportedly for 29,685 miles driven for her job. Even if the preparer accurately reported C.D.'s non-deductible commuting mileage as an unreimbursed employee business expense, her total non-deductible commuting mileage in 2014 was half of what the preparer claimed as an expense.

205. The preparer reported W.D.'s income from 5Linx (in the amount of \$8,418) on a Schedule C attached to the return. Because W.D. was just starting up his business with 5Linx and travelling all over the state to build a customer base, he incurred as much as \$20,000 in start-up and travel costs in 2014. However, the preparer falsely claimed that W.D. had \$64,823 in expenses for the telecommunications business, and a total loss of \$56,405. The phony expenses included \$55,239 for car and truck expenses and \$9,024 for a mortgage. W.D. did not tell the

preparer that he had such expenses; while W.D. had some travel expenses, he did not have \$55,239 in car and truck expenses and did not have any mortgage for his business.

206. The Ds. were unaware of these claims on their tax return. As a result of the fraudulent claims, the Ds.'s 2014 tax return claimed a bogus refund in the amount of \$8,144.

#### **Investigations and Lawsuits have Not Deterred the Defendant**

207. Despite knowing of the widespread and pervasive fraudulent conduct surrounding his tax return preparation business, the United States' lawsuits filed in 2014 against LBS franchisees, the IRS's examinations of his customers' tax returns, lawsuits filed against LBS by the State of Texas and H & R Block, and the well-publicized complaints, including those by the Better Business Bureau, online consumer protection sites, and various local media outlets throughout the country, Odne has not taken any meaningful steps to stop the fraud.

208. To the extent that Odne claims that he does not know of the fraud committed by his LBS and Rapid Tax 1 stores, his ignorance is deliberate, and he, in furtherance of his own greed, intentionally ignores and turns a blind eye to complaints documenting LBS's fraudulent practices.

209. Odne has little incentive to stop the wrongdoing because he directly profits from the misconduct at his LBS and Rapid Tax 1 stores by taking a percentage of all gross revenues. Accordingly, Odne promotes a culture of greed that favors volume and profits over accuracy and integrity, and creates an environment where fraudulent tax return preparation and violations of federal tax laws flourish.

#### **Harm Caused by the Defendant**

210. Odne's knowledge and encouragement of fraud at his tax return preparation stores, false and misleading statements directed to customers and potential customers, and

culture favoring volume and profits over accuracy and integrity, have harmed the public and the United States Treasury. Odne and many of his managers and preparers prepare false or fraudulent tax returns that understate their customers' correct income tax liabilities and illegally cause customers to incorrectly report their federal tax liabilities and underpay their taxes.

211. The fraudulent practices of Odne and many of his managers and preparers harm the United States Treasury in the form of lost tax revenue. Based on the IRS's completed examinations of at least 100 tax returns prepared at Odne's tax return preparation stores for tax years 2012, 2013, and 2014, the average tax deficiency per examined tax return of \$5,128, and the total number of 2012, 2013, and 2014 (as identified so far in 2015) tax returns prepared at Odne's tax return preparation stores, the IRS estimates that the tax loss caused by Odne's tax return preparation stores for tax years 2012, 2013, and 2014 may be \$35.5 million or more.

212. Odne's customers have also been harmed because they relied on LBS and Rapid Tax 1 to prepare proper tax returns. Instead, customers' tax returns substantially understated their correct tax liabilities after paying unconscionably high fees to have their tax returns prepared. As a result, many customers, who are often low-income taxpayers, now face large income tax debts and may be liable for sizeable penalties and interest.

213. Customers are harmed by the unconscionably high and frequently undisclosed tax preparation fees and related bogus fees tied to anticipated tax refunds. These fees are subtracted from the erroneous refunds that result from LBS's and Rapid Tax 1's fraudulent tax return preparation. When the IRS conducts audits or examinations of customers and seeks repayment of these erroneous refunds, the customers are liable for the repayment of those refunds. Not only do customers face the hardship associated with repayment of erroneous refunds resulting from LBS's and Rapid Tax 1's culture of greed at others' expense, but customers may also have to

repay the portion of the refund that LBS and Rapid Tax 1 subtracted for its high fees. Customers may also have to pay additional fees to other return preparers to file correct, accurate amended tax returns to correct the fraudulent tax returns that LBS and Rapid Tax 1 prepared and filed.

214. Other customers are harmed by LBS's and Rapid Tax 1's fraudulent practices because they have lost or become ineligible for federal and/or state benefits due to the false claims that LBS or Rapid Tax 1 made on their tax returns.

215. Odne's misconduct further harms the United States and the public by requiring the IRS to devote scarce resources to detecting the fraud and assessing and collecting lost tax revenues from defendants' customers. IRS employees have spent thousands of hours conducting audits or reviewing tax returns prepared by LBS and interviewing hundreds of customers. In addition, IRS employees have devoted still more time making compliance visits to various franchises. Consequently, identifying and recovering all lost tax revenues resulting from LBS's fraudulent and illegal activities may be impossible.

216. Odne's conduct also harms honest tax return preparers who refuse to engage in such illegal conduct. Honest tax return preparers unfairly lose business to LBS and Rapid Tax 1 as a result of LBS's and Rapid Tax 1's willingness to break the law. Customers often have their returns prepared with paystubs at LBS or Rapid Tax 1 because law-abiding preparers do not prepare a tax return without an employer-issued Form W-2. Customers also have their returns prepared at LBS or Rapid Tax 1 because LBS and Rapid Tax 1 promise the maximum refund, and deliver by fabricating claims and deductions on customers' returns.

217. Finally, Odne's misconduct harms the public at large by undermining public confidence in the federal tax system and encouraging widespread violations of the internal revenue laws.

218. The harm to the government and the public will increase unless Odne is enjoined because—given the seriousness and pervasiveness of their illegal conduct—without an injunction, Odne is likely to continue enabling the preparation of false and fraudulent federal income tax returns for customers. An injunction will serve the public interest because it will put a stop to Odne’s illegal conduct and the harm that such conduct causes the United States and its citizens.

**Count I**  
**Injunction under I.R.C. § 7407**

219. Section 7407 of the I.R.C. authorizes a district court to enjoin a tax return preparer from engaging in conduct subject to penalty under I.R.C. § 6694 or § 6695. Additionally, if the court finds that a preparer has continually or repeatedly engaged in such conduct, and the court further finds that a narrower injunction (i.e., prohibiting only that 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 further acting as a tax return preparer. The prohibited conduct justifying an injunction includes, among other things, the following:

- a. Engaging in conduct subject to penalty under I.R.C. § 6694(a), which penalizes a return preparer who prepares a return or claim for refund that contains an unreasonable position and the return preparer knew (or reasonably should have known) of the position;
- b. Engaging in conduct subject to penalty under I.R.C. § 6694(b), which among other conduct, penalizes a return preparer who recklessly or intentionally disregards IRS rules or regulations;
- c. Engaging in conduct subject to penalty under I.R.C. § 6695(g), which penalizes a return preparer who fails to comply with the statutory due diligence requirements;

- d. Guaranteeing the payment of any tax refund or the allowance of any tax credit; or
- e. Engaging in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws.

220. Section 7701(a)(36) of the I.R.C. defines tax return preparer to include not only the individual who physically prepares a tax return for compensation, but also anyone “who employs one or more persons” to prepare tax returns for compensation.

221. Odne, as shown above in paragraphs 1 through 218, is a tax return preparer who has repeatedly and continually prepared or submitted returns or portions of returns (or employed or managed others who prepared or submitted returns or portions of returns) that contain unreasonable positions and substantially understate the liability for tax on the return. Odne also advises, instructs, directs, and causes his managers, preparers, and employees to engage in tax fraud, and to prepare federal income tax returns asserting unreasonable, unrealistic, frivolous and fraudulent positions. Accordingly, Odne knew (or reasonably should have known) of the unreasonable, unrealistic, frivolous and fraudulent positions.

222. Odne and those acting in concert with him and at his direction have continually and repeatedly engaged in conduct subject to penalty under I.R.C. § 6694 by preparing federal tax returns that understate his customers’ liabilities based on unrealistic, frivolous and reckless positions. Odne, through the actions described above, recklessly or intentionally disregards IRS rules or regulations.

223. Odne and those acting in concert with him and at his direction have continually and repeatedly engaged in conduct subject to penalty under I.R.C. § 6695. The Treasury regulations promulgated under I.R.C. § 6695(g) prohibit a return preparer from claiming the EITC without first conducting proper due diligence and documenting his or her compliance with



the due diligence requirements. *See* 26 C.F.R. § 1.6995-2 (2011). Odne advises, encourages, and causes his managers, preparers, and employees to circumvent these due diligence requirements and to ignore or disregard the information provided by customers.

224. Odne's failure to comply with the due diligence requirements for the EITC violates Treasury Regulations and his willingness to falsify information to obtain the EITC for his customers shows a reckless and/or intentional disregard of IRS rules and regulations.

225. Odne and those acting in concert with him and at his direction have continually and repeatedly prepared federal income tax returns that claim the EITC for customers where he and those acting in concert with him and at his direction have not conducted, let alone documented, the required due diligence procedures.

226. Odne also fails to comply with I.R.C. § 6695(a), which requires that a tax return preparer provide a copy of the completed tax return to the taxpayer.

227. Odne's continual and repeated violations of I.R.C. §§ 6694 and 6695 fall within I.R.C. § 7407(b)(1)(A), and thus are subject to an injunction under I.R.C. § 7407.

228. Odne's continual and repeated fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws falls within I.R.C. § 7407(b)(1)(D), and thus is subject to an injunction under I.R.C. § 7407.

229. Odne and those acting in concert with him and at his direction have continuously and repeatedly guaranteed refunds to customers and guaranteed the allowance of tax credits, including but not limited to the EITC. This conduct falls within I.R.C. § 7407(b)(1)(C), and thus is subject to an injunction under I.R.C. § 7407.

230. If Odne is not enjoined from all tax preparation, he and those acting in concert with him and at his direction are likely to continue to prepare and file false and fraudulent tax returns.

231. Odne's continual and repeated conduct subject to an injunction under I.R.C. § 7407, including his continual and repeated fabrication of expenses and deductions, is so flagrantly illegal and so egregious that it demonstrates that a narrow injunction prohibiting only specific conduct would be insufficient to prevent Odne's interference with the proper administration of the internal revenue laws. Accordingly, Odne should be permanently barred from acting as a federal tax preparer, and from owning, operating, managing, controlling, licensing, franchising, or working for a tax return preparation business.

**Count II**  
**Injunction under I.R.C. § 7408**

232. Section 7408 of the I.R.C. authorizes a district court to enjoin any person from engaging in conduct subject to penalty under either I.R.C. § 6700 or § 6701 if injunctive relief is appropriate to prevent recurrence of such conduct.

233. Section 6701(a) of the I.R.C. penalizes any person who aids or assists in, procures, or advises with respect to the preparation or presentation of a federal tax return, refund claim, or other document knowing (or having reason to believe) that it will be used in connection with any material matter arising under the internal revenue laws and knowing that if it is so used it will result in an understatement of another person's tax liability. Under I.R.C. § 6701(c)(1), the term "procures" includes "ordering (or otherwise causing) a subordinate to do an act," as well as "knowing of, and not attempting to prevent, participation by a subordinate in an act."

234. Odne, through the actions detailed above in paragraphs 1 through 218, caused the presentation and preparation of false, fraudulent, and abusive tax returns and other documents. Odne prepares, assists, and/or advises with respect to the presentation and preparation of federal tax returns for customers that he knows will understate their correct tax liabilities, because Odne knowingly prepares, assists, and/or advises with respect to the presentation and preparation of returns claiming bogus expenses and deductions. Odne procured and assisted the preparation of false and fraudulent tax returns by encouraging the filing of tax returns he knew were false or fraudulent, and by employing, training, and supervising tax return preparers engaging in tax fraud. Odne's conduct is thus subject to a penalty under I.R.C. § 6701.

235. Odne is likely to continue violating the law absent an injunction. Tax return preparation is Odne's primary source of revenue. To maximize that income, Odne instructs and directs his managers and preparers to prepare fraudulent returns. That fraudulent conduct, in turn, gives Odne a competitive edge over law-abiding preparers. It also provides a means for Odne to further exploit his customers by charging them unconscionably high fees, while Odne's fraud simultaneously and callously exposes his customers to possible civil and criminal liability.

236. If the Court does not enjoin Odne, he is likely to continue to engage in conduct subject to penalty under I.R.C. § 6701. Odne's, and those acting in concert with him and at his direction, preparation of returns claiming improper expenses and deductions is widespread over many customers and tax years. Injunctive relief is therefore appropriate under I.R.C. § 7408.

**Count III**  
**Injunction and Disgorgement under I.R.C. § 7402(a)**  
**Necessary to Enforce the Internal Revenue Laws**

237. Section 7402 of the I.R.C. authorizes a district court to issue injunctions, orders, judgments, and decrees as may be necessary or appropriate for the enforcement of the internal revenue laws.

238. Odne, through the actions described above in paragraphs 1 through 218, including, but not limited to, intentionally understating his customers' tax liabilities and charging unconscionable and undisclosed fees for the preparation of federal tax returns that intentionally understate his customers' tax liabilities, has engaged in conduct that substantially interferes with the enforcement of the internal revenue laws.

239. Unless enjoined, Odne and those acting in concert with him and at his direction are likely to continue to engage in such improper conduct and interfere with the enforcement of the internal revenue laws. If Odne is not enjoined from engaging in fraudulent and deceptive conduct, the United States will suffer irreparable injury by wrongfully providing federal income tax refunds to individuals not entitled to receive them.

240. While the United States will suffer irreparable injury if Odne is not enjoined, Odne will not be harmed by being compelled to obey the law.

241. Enjoining Odne is in the public interest because an injunction, backed by the Court's contempt powers if needed, will stop Odne's illegal conduct and the harm it causes the United States and to his customers.

242. The Court should impose injunctive relief under 26 U.S.C. § 7402(a).

243. Odne's conduct, which substantially interferes with the enforcement of the internal revenue laws, caused the United States to issue tax refunds to individuals not entitled to

receive them, and Odne has unjustly profited at the expense of the United States by subtracting his exorbitant fees from those refunds.

244. The Court should enter an order under 26 U.S.C. § 7402(a) requiring Odne to disgorge to the United States the proceeds that Odne and his businesses received for the preparation of federal tax returns that make false or fraudulent claims.

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

A. That the Court find that Milot Odne has continually and repeatedly engaged in conduct subject to penalty under I.R.C. §§ 6694 and 6695, and has continually and repeatedly engaged in other fraudulent or deceptive conduct that substantially interferes with the administration of the tax laws, and that a narrower injunction prohibiting only this specific misconduct would be insufficient;

B. That the Court, pursuant to I.R.C. § 7407, enter a permanent injunction prohibiting Milot Odne from acting as a federal tax return preparer;

C. That the Court find that Milot Odne has 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;

D. That the Court find that Milot Odne has engaged in conduct that interferes with the enforcement of the internal revenue laws, and that injunctive relief is appropriate to prevent the recurrence of that conduct pursuant to the Court's inherent equity powers and I.R.C. § 7402(a);

E. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter a permanent injunction prohibiting Milot Odne, and all those in active concert or participation with him, from:

- (1) acting as a federal tax return preparer or requesting, assisting in, or directing the preparation or filing of federal tax returns, amended returns,

or other related documents or forms for any person or entity other than himself;

- (2) preparing or assisting in preparing federal tax returns that he knows or reasonably should have known would result in an understatement of tax liability or the overstatement of federal tax refund(s) as penalized by I.R.C. § 6694;
- (3) owning, operating, managing, working in, controlling, licensing, consulting with, or franchising a tax return preparation business;
- (4) training, instructing, teaching, and creating or providing cheat sheets, memoranda, directions, instructions, or manuals, pertaining to the preparation of federal tax returns;
- (5) engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6695, 6701, or any other penalty provision in the I.R.C.; and
- (6) engaging in any conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws.

F. That the Court, pursuant to I.R.C. §§ 7402(a) and 7407, enter an order requiring Milot Odne to immediately and permanently close, because of the pervasive fraud, all tax return preparation stores that he owns directly or through Rapid Tax 1 LLC, Milot Odne, LLC, or any other entity, and whether those stores do business as LBS Tax Services, Rapid Tax 1, or under any other name;

G. That the Court, pursuant to I.R.C. §§ 7402(a) and 7407, enter an order appointing a receiver to sell all of the hard assets, such as computers (after any and all taxpayer information has been removed), electronics, and furniture, for all tax return preparation stores that Milot Odne owns directly or through Rapid Tax 1 LLC, Milot Odne, LLC, or any other entity, and whether those stores do business as LBS Tax Services, Rapid Tax 1, or under any other name;

H. That the Court, pursuant to I.R.C. § 7402(a), enter an order prohibiting Milot Odne, directly or through Rapid Tax 1 LLC, Milot Odne, LLC, or any other entity, from assigning,

transferring, or selling any franchise agreement, independent contractor agreement, or employment contract related to LBS Tax Services, Rapid Tax 1, or any other tax return preparation business to which he or any entity under his control is a party;

I. That the Court, pursuant to I.R.C. § 7402(a), enter an order barring Milot Odne from: (1) selling to any individual or entity a list of customers, or any other customer information, for whom Milot Odne, LBS Tax Services, Rapid Tax 1, and any other business or name through which Odne or those acting at his direction have at any time since 2011 prepared a tax return; (2) assigning, disseminating, providing, or giving to any current or former franchisee, General Sales Manager, District Sales Manager, manager, tax return preparer, employee, or independent contractor of Odne, LBS Tax Services, Rapid Tax 1 LLC, Milot Odne, LLC, or any other business through which Odne prepares tax returns or owns or franchises a tax return preparation business, a list of customers or any other customer information for customers for whom Milot Odne, LBS Tax Services, Rapid Tax 1, and any other business or name through which Odne or those acting at his direction have at any time since 2011 prepared a tax return; and (3) selling to any individual or entity any proprietary information pertaining to LBS Tax Services, Rapid Tax 1 LLC, Milot Odne, LLC, Rapid Tax 1, and any other business or name through which Odne or those acting at his direction have at any time since 2011 prepared a tax return;

J. That the Court, pursuant to 26 U.S.C. § 7402, enter an order requiring Milot Odne to disgorge to the United States the proceeds (the amount of which is to be determined by the Court) that Milot Odne, Rapid Tax 1 LLC, and Milot Odne, LLC received (in the form of fees) for the preparation of tax returns that make or report false or fraudulent claims, deductions, credits, income, expenses, or other information that results in the understatement of taxes,

prepared since 2011 at LBS Tax Services, Rapid Tax 1, and any other tax return preparation stores owned by Milot Odne, Rapid Tax 1 LLC, and Milot Odne, LLC;

K. That the Court, pursuant to I.R.C. §§ 7402(a) and 7407, enter an order requiring Milot Odne to contact, within thirty days of the Court's order, by United States mail and, if an e-mail address is known, by e-mail, all persons for whom Milot Odne and his managers and preparers prepared federal tax returns or claims for a refund from 2011 to the present to inform them of the permanent injunction entered against him, including sending a copy of the order of permanent injunction but not enclosing any other documents or enclosures unless agreed to by counsel for the United States or approved by the Court;

L. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an order requiring Milot Odne to produce to counsel for the United States, within thirty days of the Court's order, a list that identifies by name, social security number, address, e-mail address, and telephone number and tax period(s) all persons for whom Milot Odne and his managers and preparers prepared federal tax returns or claims for a refund from 2011 to the present;

M. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an order requiring Milot Odne to produce to counsel for the United States, within thirty days of the Court's order, a list that identifies by name, address, e-mail address, and telephone number all principals, officers, managers, franchisees, employees, and independent contractors of Odne, LBS Tax Services, Rapid Tax 1, Rapid Tax 1 LLC, and Milot Odne, LLC from 2011 to the present;

N. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an injunction requiring Milot Odne to provide a copy of the Court's order to all principals, officers, managers, franchisees, employees, and independent contractors of Odne, LBS Tax Services, Rapid Tax 1



LLC, and Milot Odne, LLC within fifteen days of the Court's order, and provide to counsel for the United States within 30 days a signed and dated acknowledgment of receipt of the Court's order for each person whom Milot Odne provided a copy of the Court's order;

O. That the Court retain jurisdiction over Milot Odne and over this action to enforce any permanent injunction entered against him;


P. That the United States be entitled to conduct discovery to monitor Milot Odne's compliance with the terms of any permanent injunction entered against him; and

Q. That the Court grant the United States such other and further relief, including costs, as is just and reasonable.

Dated: May 4, 2015

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