

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

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Civil No. 0:15-cv-62233
)	
CHRISTOPHER LAWRENCE, individually)	
and d/b/a LBS TAX SERVICES and TAX)	
MON\$TER, INC.; and KENNETH AIKENS,)	
individually and d/b/a TAX PROS, TAX PRO OF)	
SWEETWATER, LLC, TAX PRO AIDE, LLC,)	
TAX PROS SUB SERIES, LLC, AND TAX PRO)	
CORAL GABLES, LLC,)	
)	
Defendants.)	

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF

The United States of America, for its complaint against Christopher Lawrence, individually and doing business as LBS Tax Services and Tax Mon\$ter, Inc., and Kenneth Aikens, individually and doing business as Tax Pros, Tax Pro of Sweetwater, LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC, alleges the following:

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

- a. acting as federal tax return preparers 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 themselves;
- b. preparing or assisting in preparing federal tax returns that they know or reasonably should know would result in an understatement of tax liability or the overstatement of federal tax refund(s) as penalized by 26 U.S.C. § 6694;

- c. owning, operating, managing, working in, controlling, licensing, consulting with, or franchising a tax return preparation business;
- d. training, instructing, teaching, and creating or providing cheat sheets, memoranda, directions, instructions, or manuals, pertaining to the preparation of federal tax returns;
- e. engaging in any other activity subject to penalty under 26 U.S.C. §§ 6694, 6695, 6701, or any other penalty provision in the I.R.C.; and
- f. 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 Lawrence and Aikens to disgorge to the United States the gross receipts that Lawrence, Aikens, and their businesses received for the preparation of federal tax returns.

Authorization

2. This action has been requested and authorized 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 of the United States, pursuant to 26 U.S.C. §§ 7402, 7407, and 7408.

Jurisdiction and Venue

3. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345 and 26 U.S.C. § 7402(a).

4. Venue is proper in this Court under 28 U.S.C. § 1391(b)(1) because Lawrence and Aikens reside in this district, and all, or a substantial part, of the activities giving rise to this suit occurred in this judicial district.

Defendants

5. Christopher Lawrence resides in Coral Springs, Florida. In May 2008, Lawrence created Tax Mon\$ter, Inc., a corporation organized in the State of Florida. Lawrence is the president and 99% shareholder of Tax Mon\$ter, Inc. Through this entity, Lawrence owns and operates (or has owned and operated) tax preparation franchises in Orlando, Fort Lauderdale, Miami, and Hallendale under various names, including, but not limited to, LBS Tax Services and Tax Mon\$ter. Since 2009 – when Lawrence opened his first Tax Mon\$ter location – tax preparation stores either owned or franchised by Lawrence have prepared and filed more than 12,000 tax returns.

6. Kenneth Aikens resides in Brooklyn, New York and Hialeah, Florida. Aikens operates at least 3 tax preparation stores under the name Tax Pros. Aikens owns these stores directly or masks his true ownership through nominees doing business as Tax Pro of Sweetwater, LLC¹, Tax Pro Aide LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC.

7. LBS Tax Services is a tax return preparation business that Walner G. Gachette franchised through Loan Buy Sell, Inc., a corporation organized in the State of Florida. In 2013, there were at least 239 LBS Tax Services stores in Florida, Georgia, North Carolina, South Carolina, Tennessee, Alabama, Mississippi, and Texas. LBS Tax Services franchise stores prepared more than 55,000 federal income tax returns in 2013. Although Lawrence was an LBS franchisee only during the 2012 tax season, he and Aikens have structured their stores and franchise according to the LBS business model.

¹ Although the registration with the Florida Department of State identifies the entity's name as "Tax Pro of Sweetwater, LLC," filings with the IRS identify the entity as "Tax Pro of Sweatwater, LLC."

8. Lawrence, Aikens, and many of their managers and preparers engage in pervasive tax fraud by making – and/or directing or encouraging others to make – false claims on their customers’ tax returns, including: fabricating business income and expenses, reporting false Form Schedule A deductions, reporting bogus education credits, inflating federal withholding taxes, and engaging in other fraudulent activities aimed that maximize their customers’ refunds and, in turn, the preparation fees.

9. This lawsuit is related to the nine lawsuits filed by the United States of America against the LBS franchisor, various LBS franchisees and managers, and/or former LBS Tax Services franchisees, managers, and preparers operating under new business names, seeking injunctive and equitable relief under the Internal Revenue Code to stop systematic and pervasive fraud committed by the defendants. The other filed cases are: *United States v. Walner G. Gachette*, Case No. 6:14-cv-1539-ACC-TBS (M.D. Fla.); *United States v. Douglas Mesadieu*, Case No. 6:14-cv-1538-ACC-TBS (M.D. Fla.); *United States v. Jean R. Demesmin, et al.*, Case No. 6:14-cv-1537-ACC-TBS (M.D. Fla.); *United States v. Kerny Pierre-Louis, et al.* 6:14-cv-1536-ACC-TBS (M.D. Fla.); *United States v. Demetrius Scott*, 6:14-cv-1535-ACC-TBS (M.D. Fla.); *United States v. Jason Stinson*, 6:14-cv-1534-ACC-TBS (M.D. Fla.); *United States v. Milot Odne*, 8:15-cv-1079-VMC-EAJ (M.D. Fla.); *United States v. Jacqueline Nunez*, Case No. 1:14-cv-23512 (S.D. Fla.)²; and *United States v. Wilfrid Antoine*, Case No. 9:14-cv-8119 (S.D. Fla.).

² The United States’ complaint against Nunez, Civ. No. 14-23512-Moreno (S.D. Fl.), was dismissed without prejudice on January 26, 2015, due to lack of service.

Background

10. LBS Tax Services (“LBS”) began in 2008 as a tax return preparation business in Orlando operated by Walner Gachette. In 2011, Gachette began franchising the LBS name to his employees to broaden his revenue base.

11. In 2008, Gachette helped Lawrence launch Tax Mon\$ter by assisting him in obtaining tax preparation software, an Electronic Filing Identification Number (EFIN), and a bank account to service the needs of the Lawrence’s tax preparation business.

12. In 2009, Lawrence opened and managed his first Tax Mon\$ter office in Orlando, Florida. According to Lawrence, he and his former girlfriend, Jacqueline Nunez, prepared approximately 250 tax returns during the 2009 filing season. In 2010, Lawrence continued to operate his Tax Mon\$ter location in Orlando, which he expanded by hiring an additional five employees. During the 2010 filing season, the Orlando location prepared at least 689 tax returns.

13. In 2011, Lawrence opened Tax Mon\$ter locations in Miami and Fort Lauderdale, while continuing to operate the Orlando store. Each store had a manager and three tax preparers. These three Tax Mon\$ter locations prepared at least 1,583 returns in 2011.

14. Lawrence changed his strategy in 2012. Although he continued to operate his Orlando location as Tax Mon\$ter, he entered into an agreement with Gachette to operate the Miami and Fort Lauderdale locations as LBS franchises. Lawrence believed that LBS offered a better marketing strategy and operations practices. Lawrence paid LBS \$10,000 to use its advertising and marketing services, in addition to \$55 per return filed – referred to as a “service bureau” fee. In 2012, Lawrence’s three stores prepared 1,337 returns. Tax returns prepared at Lawrence’s three stores were electronically filed using Lawrence’s EFIN from 2009 through

2011. In 2012, however, when two of his locations were LBS franchises, each manager was required to obtain, and file returns using their own EFIN.

15. In 2013, Lawrence decided to operate his tax preparation stores independently from LBS because he wanted to avoid paying LBS the \$55 per-return fee. Accordingly, Lawrence continued to operate his three existing stores and franchised three additional Tax Mon\$ter stores in North Miami, Hallendale, and Fort Lauderdale, from which he collected a \$55 service bureau fee per return. In total, the 6 stores prepared 3,435 returns in 2013. Ninety-nine percent of these returns requested a refund, which is an extremely high refund rate.

16. In 2014 and 2015, stores known by the IRS to be owned or franchised by Lawrence prepared at least 3,673 and 2,140 tax returns, respectively, of which 96 and 99 percent, respectively, requested a refund. It is, however, difficult for the IRS to determine the exact number of returns prepared and filed by stores owned by Lawrence or his franchisees because Lawrence and/or his franchisees frequently change store names and Lawrence requires his franchisees to register for their own electronic filing identification numbers (EFINs).

17. Kenneth Aikens began working as a tax return preparer at Lawrence's Tax Mon\$ter store in Miami in 2011. In 2012, Aikens became the manager of that location.

18. In 2013, Aikens assumed ownership of the same Miami location under the name Tax Pros, and through an entity called Tax Pro Sweetwater, LLC. Aikens also owned and operated an additional store in the Miami area through an entity called Tax Pro Aide, LLC.

19. Since Aikens opened these two stores in 2013, he and Lawrence have taken steps to conceal the nature of their business relationship and the true ownership of their stores (as illustrated by the allegations below). Further, Aikens directed others to conceal his ownership

and involvement in his tax return preparation stores, which has hindered efforts to determine whether Aikens has owned or franchised additional stores since 2013.

20. Although Aikens considered himself the owner of the Miami Tax Pros store in 2013, the store's tax preparation fees — which totaled \$ 602,344 — were disbursed to a bank account held by Lawrence. Lawrence then transferred \$317,059 (approximately 40%) of these fees to Aikens.

21. In 2014, Aikens owned and controlled at least three Tax Pros return preparation stores, which were located in Florida and Georgia. Aikens masked his ownership of two of these stores by using third party nominees to register these entities with the Florida and Georgia Secretaries of State. Although Aikens changed the name of the entity that owned his Miami store from Tax Pro Sweetwater to Tax Pro Subseries, all of the store's 2014 preparation fees — which totaled \$ 541,590— still went to Lawrence first, who then transferred \$339,595 (approximately 60%) of these fees to Aikens.

22. In 2015, Aikens owned or franchised at least four Tax Pro stores: three in Florida and one in Georgia. While Aikens directly owns one of the Florida stores, records filed with the Florida and Georgia Secretaries of State list third parties as the owners of the remaining three stores. Aikens, however, directed these third parties to register the LLCs to mask his true ownership and he retains full control over these stores. Lawrence continued to receive all fees generated by Aikens' Tax Pros store in Miami during the 2015 tax preparation season. Lawrence transferred \$344,012 (approximately 60%) of the store's total \$543,605 fees to Aikens.

23. In 2014 and 2015, stores owned or franchised by Aikens prepared at least 1,777 and 2,130 tax returns, respectively. In both years, 99 percent of the returns filed by Aikens' stores requested a refund, which is an extremely high refund rate.

Store Operations

24. As at LBS, each of Lawrence's and Aikens' stores and franchise locations are managed by a manager who may be known as a District Sales Manager ("DSM"). Lawrence and Aikens recruit DSMs who have no prior tax preparation or business experience. The DSM oversees the office managers, tax return preparers, marketers, and other employees. According to Lawrence, although he assists with training, the DSMs run his locations "from start to finish" and are responsible for hiring and training of the preparers. Lawrence and Aikens, however, bear ultimate authority over their offices and franchises.

25. In exchange for the opportunity to earn 60-70% of the fees generated at their respective locations, the DSMs pay Lawrence \$10,000-15,000 per filing season. The tax preparers are compensated several hundred dollars per week, plus commission related to the business they generate. Lawrence treats all of his DSMs and preparers as independent contractors.

26. The IRS requires that individuals applying for an EFIN, such as Lawrence, Aikens, and their DSMs, complete an application and submit to a background check. 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>.

27. An EFIN is a unique number that clearly 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. The IRS does not provide training on tax law or tax return preparation in connection with its EFIN application.

28. DSMs serve as the Electronic Return Originator (“ERO”) for the stores they manage. 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.

29. IRS Publication 1345 requires that an ERO “be diligent in recognizing fraud and abuse, reporting it to the IRS and preventing it when possible.” Lawrence, Aikens, and their DSMs 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 of Lawrence’s and Aikens’ stores.

Lawrence’s and Aikens’ Fraudulent Activities

30. Lawrence, Aikens, and those acting in concert with them and at their direction have created and maintained a tax preparation business that promotes and encourages the preparation of false and fraudulent federal income tax returns to generate bogus refunds and charge exorbitant fees, thereby maximizing profits at the expense of the United States Treasury.

31. Many of Lawrence’s and Aikens’ customers earn low incomes and lack sophistication regarding tax law and tax return preparation. Customers often have no knowledge that the preparer has prepared and filed fraudulent tax returns on their behalf. For others, the tax preparers—with Lawrence’s and Aikens’ 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 convince them to hire Tax Mon\$ter, Tax Pros, or another Lawrence or Aikens-related entity to prepare their tax returns.

32. Instead of focusing on honest and accurate tax return preparation, Lawrence's and Aikens' business model is result-oriented. Lawrence, Aikens, and their businesses charge customers fees for preparing the return, fees for each form attached to the return, and fees for filing the return. Tax Mon\$ter and Tax Pros employees then make fraudulent claims on these forms, in order to improperly increase customers' refunds. After completing the returns, Tax Mon\$ter and Tax Pros employees 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 Tax Mon\$ter and Tax Pros claimed. These fees are all deducted from the customer's tax refund, often without the customer being told the amount that Tax Mon\$ter and Tax Pros actually charged for preparing the tax return.

33. Lawrence and Aikens typically train and instruct their employees on how to request on customers' tax return a refund amount that is not based on the customer's actual income, expenses, deductions, and applicable qualifying credits. Instead, the refund is based on fraudulent income, expenses, deductions, and credits reported by Tax Mon\$ter and Tax Pros for the sake of generating an entirely false or fraudulently inflated refund. By significantly inflating customers' refunds, Tax Mon\$ter and Tax Pros can subtract an exorbitant and undisclosed fee from their customers' refunds without the customers realizing that they are not receiving a substantial portion of their claimed (albeit bogus due to the false claims reported on their tax returns) refunds.

34. For example, Lawrence instructed his employees to add a Schedule A to the tax returns of customers who made more than \$30,000, to create a phony Schedule C with fabricated income or expenses to either reduce or increase a customer's taxable income and thereby bring the customer's income within the maximum EITC range, and to never end amounts reported on a return in "zero." Lawrence also directed his employees to charge customers high fees because Tax Mon\$ter "hooked them up."

35. Aikens likewise instructed his employees to create a phony business on a customer's Schedule C in order to report fabricated income or expenses to make a customer qualify for the maximum EITC. Similarly, Aikens directed his employees to add phony income to the customer's reported W-2 income when a customer's actual income is less than an amount that would qualify the customer for the maximum EITC. Aikens instructed his employees to file separate tax returns for married couples, falsely claiming head of household filing status on their returns, when the married couple earned too much actual income to claim the EITC. Aikens also instructed his employees to claim an education credit in the amount of \$800-\$900 (just shy of the \$1,000 maximum, apparently in an attempt to avoid IRS detection) when a customer is of college age, regardless of whether the customer actually incurred any educational expenses.

36. Lawrence's, Aikens', and their businesses' tax return preparation is based on maximizing their profits by drawing customers into a web of deception with promises of money, which comes in the form of bogus refunds procured from the U.S. Treasury as a direct result of the fraudulent claims made on tax returns prepared at Lawrence's and Aikens' tax preparation stores.

37. Lawrence and Aikens instruct, direct, assist, advise, encourage, and cause their 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 (EITC);
- 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”

38. Owners, franchisees, and employees at LBS were trained to solicit customers through what they called “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 and prepare their tax returns with 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. Lawrence and Aikens utilize this same marketing model at their tax preparation stores.

39. “Guerilla Marketing” begins long before the tax filing season begins. Tax Mon\$ter and Tax Pros advertising focuses on the Earned Income Tax Credit, with street signs, flyers, and business cards that simply state an amount that a potential customer can receive for each child that they have and listing a phone number to call. For example, Aikens created a flyer for Tax Pros stating that it was “Number 1 in Numbers” and that a customer would get a “\$3,000-\$5,000” for 1 child and “\$5,000-\$7,000” for two children based on the Earned Income Tax Credit and Child Tax Credit.

40. Lawrence and Aikens 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 Tax Mon\$ter or Tax Pros stores with promises of large refunds. This marketing occurs predominantly at large-scale retailers and grocery stores, dollar stores, apartment complexes, public plazas, and large public events where Tax Mon\$ter and Tax Pros believe they can find potential customers who fit the low income demographic that it targets.

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

41. Lawrence, Aikens, and many of their managers and tax return preparers prepare tax returns that include fraudulent claims for the Earned Income Tax Credit often based on bogus dependents, fabricated business income and expenses, and/or false filing status.

42. 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 26 U.S.C. § 32 and the accompanying Treasury Regulations.

43. 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.

44. 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.

45. 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.

46. To solicit business, Lawrence, Aikens, and their businesses use enticements of higher refunds based on the number of children that a potential customer has.

47. Lawrence, Aikens, and many of their managers and preparers acting at their direction and with their knowledge and consent, falsify information to claim the maximum EITC for customers. Unscrupulous tax return preparers at Tax Mon\$ter and Tax Pros 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, Tax Mon\$ter and Tax Pros 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.

48. Reporting bogus income not only improperly enables Tax Mon\$ter and Tax Pros to falsely claim the EITC, but to fraudulently claim other credits as well, including the Child Tax Credit and American Opportunity Tax Credit.

49. Schedule C fraud is a means by which unscrupulous tax return preparers, like many of those at Tax Mon\$ter and Tax Pros, 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.

50. Lawrence, Aikens, and many of their managers and preparers report bogus "Household Help" income on their customers' tax returns to falsely report earned income that improperly enables the customer to claim the EITC. Household Help income ("HSH") is paid to individuals typically hired to perform household work, and these individuals are considered employees of the person for whom they perform the household work; the employer determines and controls the work performed by the individual. The individual receiving the income may be paid in cash or non-cash benefits, on an hourly, weekly, or monthly basis, for jobs such as babysitting, house cleaning, yard work, health care, or driving. Individuals who receive HSH receive Forms W-2 reporting income received and taxes withheld, just as with any other employment.

51. Lawrence, Aikens, and many of their managers and preparers prepare tax returns that report bogus HSH income on Line 7 of the Form 1040 income tax return. IRS records do not show that Forms W-2 were issued by employers to the customers for whom Lawrence and Aikens reported the purported HSH income on their tax returns. Reporting this fabricated income enables Lawrence, Aikens, and many of their managers and preparers to falsely claim the EITC on their customers' tax returns.

52. 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.*

53. 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.

54. Lawrence and Aikens provide their managers 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 Tax Mon\$ter and Tax Pros instruct in order to claim the EITC for customers who are not actually eligible for the credit (or for the inflated amount claimed by Tax Mon\$ter and Tax Pros). Aikens actually programs the Drake software used to prepare returns to highlight in green color the boxes that preparers at Tax Pros must electronically check (regardless of the information provided by customers) when preparing tax returns to complete the IRS Form 8867 and purportedly “comply” with the EITC due diligence questions.

55. Because the Forms 8867 EITC Checklists that Tax Mon\$ter and Tax Pros 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 Tax Mon\$ter and Tax Pros is to give the illusion that Tax Mon\$ter and Tax Pros comply with the due diligence requirements.

56. A closer review of Tax Mon\$ter and Tax Pros customer files, and interviews of customers, reveals that Lawrence, Aikens, and many of their 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 Tax Mon\$ter and Tax Pros preparer entirely disregards the customer’s responses on the intake form.

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

58. The conduct of Lawrence, Aikens, and many of their 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 Lawrence, Aikens, and many of their 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

59. Lawrence, Aikens, and many of their 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 Tax Mon\$ter and Tax Pros is aware that the customer does not qualify for Head of Household.

60. Lawrence, Aikens, and many of their 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.

61. Additionally, Lawrence, Aikens, and many of their 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

62. Lawrence, Aikens, and many of their managers and preparers also prepare tax returns reporting non-existent businesses on bogus Forms Schedule C. On some of these returns, Tax Mon\$ter and Tax Pros report substantial income, but little or no expenses. On other returns, Tax Mon\$ter and Tax Pros reports substantial expenses, but little or no income. The determining factor is whether Tax Mon\$ter and Tax Pros need 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.

63. Lawrence, Aikens, and many of their managers and preparers also coax customers to provide information that Tax Mon\$ter and Tax Pros use to fabricate claims on the customers’ tax return. Thus, for example, based on the preparer’s suggestions or coaxing, if a customer responds that they cut a friend’s hair, or cut a family member’s lawn, or cooked for a church event, Tax Mon\$ter and Tax Pros then falsely report that activity 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

64. Reporting bogus Form Schedule A deductions is another tactic commonly used by Lawrence, Aikens, and many of their 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.

65. Lawrence, Aikens, and many of their 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.”

66. If customers respond, for example, that they drove to and from work, Lawrence, Aikens, and many of their managers and preparers then claim a non-qualifying expense for commuting on the customers’ returns. If customers respond that they attend church, Lawrence, Aikens, and many of their managers and preparers claim that the customers made charitable

contributions, even if they did not. Lawrence, Aikens, and many of their managers and preparers thus coax customers to provide information that Lawrence, Aikens, and many of their managers and preparers can manipulate to make bogus claims on customers' tax returns.

67. For example, to create a phony Schedule A for customers, Lawrence instructed his employees to ask customers how many miles they drove their car that year, how much they spent on gas and tolls for the year, and how much they spend on lunch each day. Based on the information provided by customers for these non-deductible expenses, Lawrence's employees would fabricate purported expenses for unreimbursed employee business expenses on a Schedule A. Lawrence, Aikens, and many of their 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.

68. Lawrence, Aikens, and many of their managers and preparers commonly improperly deduct vehicle expenses on the Forms Schedule A attached to customers' returns. Lawrence, Aikens, and many of their 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. Lawrence, Aikens, and many of their managers and preparers also inflate the customer's actual commuting mileage on the tax return. Therefore, not only are Lawrence, Aikens, and many of their 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.

69. Lawrence, Aikens, and many of their managers and preparers frequently report fabricated or inflated charitable contributions on customers' Forms Schedule A.

Bogus Education Credits

70. Another practice at Lawrence's and Aikens' tax preparation 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. Lawrence, Aikens, and many of their 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).

Fraudulent Fuel Tax Credit Deductions

71. Aikens and many of his managers and preparers prepare and file federal income tax returns for customers on which they improperly claim false or fraudulent fuel tax credits using IRS Form 4136, "Credit for Federal Tax Paid on Fuels." The fuel tax credit is available only to taxpayers who operate farm equipment or other off-highway business vehicles. Moreover, the equipment or vehicles using the fuel must not be registered for highway uses. Aikens and many of his managers and preparers improperly claim the fuel tax credit for fabricated business motor fuel purchases.

72. Internal Revenue Code section 6421(a) provides a tax credit for fuel used in an off-highway business use. Off-highway business use is any off-highway use of fuel in a trade or business or in an income-producing activity where the equipment or vehicle is not registered and

not required to be registered for use on public highways. IRS Publication 225 provides the following examples of off-highway business fuel use: (1) in stationary machines such as generators, compressors, power saws, and similar equipment; (2) for cleaning purposes; and (3) in forklift trucks, bulldozers, and earthmovers. *See* IRS Publication 225 (2013), Farmer's Tax Guide, Chapter 14 (2013) (available online at: www.irs.gov/pub/irs-pdf/p225.pdf).

73. IRS Publication 510 defines a highway vehicle as any "self-propelled vehicle designed to carry a load over public highways, whether or not it is also designed to perform other functions." A public highway includes any road in the United States that is not a private roadway. This includes federal, state, county, and city roads and streets. These highway vehicles are not eligible for the fuel tax credit. IRS Publication 510 provides the following as examples of highway vehicles which are not eligible for the fuel tax credit: passenger automobiles, motorcycles, buses, and highway-type trucks and truck tractors. *See* IRS Publication 510 (2013), Excise Taxes, Chapter 2 (available online at: www.irs.gov/pub/irs-pdf/p510.pdf).

74. IRS Publication 510 provides the following example of an appropriate application of the fuel tax credit:

Caroline owns a landscaping business. She uses power lawn mowers and chain saws in her business. The gasoline used in the power lawn mowers and chain saws qualifies as fuel used in an off-highway business use. The gasoline used in her personal lawn mower at home does not qualify.

75. In short, the fuel tax credit does not apply to passenger cars or other vehicles that are registered or required to be registered to drive on public highways.

76. Aikens and many of his managers and preparers prepare federal income tax returns for customers and improperly reduce customers' reported tax liabilities by claiming

bogus fuel tax credits under 26 U.S.C. § 6421, falsely claiming that those customers used gasoline for qualified off-highway business purposes.

77. For example, Tax Pros Customer 1 (“C1”) had his 2014 federal income tax return prepared at the Tax Pros located at 1990 NE 163rd St., North Miami Beach, Florida. Tax Pros falsely claimed on C1’s tax return a fuel tax credit in the amount of \$1,092 for a purported purchase of 5,966 gallons of fuel for off-highway business use. C1, who worked full time for a rental car company and also did some work as a graphic designer, did not have a business that required the purchase of fuel for off-highway purposes, did not purchase 5,966 gallons of fuel for off-highway business use, and did not tell the preparer that he purchased that amount of fuel for any purpose whatsoever. The preparer asked C1 if he drove his car to and from work, and C1 responded yes, but was not asked how much gas he bought to drive to and from work. Driving to and from work obviously is not an off-highway business use of fuel. Assuming that C1 had actually purchased that much fuel, and that its cost was a conservative amount of \$2.50 per gallon, C1 would have had to spend \$14,915 on fuel, an amount nearly equaling C1’s total income in 2014 of \$17,781.

Improperly Preparing and Filing Returns based on Pay Stubs

78. Lawrence, Aikens, and many of their 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.

79. 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.

80. Lawrence, Aikens, and many of their 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 Tax Mon\$ter and Tax Pros, 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."

81. Tax Mon\$ter and Tax Pros begin soliciting customers in December by falsely telling customers that their returns can be prepared using their most recent paystub. Tax Mon\$ter and Tax Pros open 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.

82. Tax Mon\$ter and Tax Pros 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, Tax Mon\$ter and Tax Pros use the

customers' most recent pay stub to prepare tax returns and create fake Forms W-2. Tax Mon\$ter and Tax Pros instruct employees to retain the original pay stub in the customer files and to not file the pay stub with the IRS.

83. Lawrence and Aikens know that preparing tax returns based on paystubs violates IRS rules and regulations. Lawrence and Aikens served as EROs and have EFINs to electronically file returns. IRS Publication 1345 mandates that "EROs must not electronically file individual income tax returns prior to receiving Forms W-2, W-2G or 1099-R."

84. By preparing tax returns before the end of the tax year, Lawrence, Aikens, and their businesses unfairly solicit business before competitors.

Deceptive, Unconscionable, and Undisclosed Fees

85. Lawrence, Aikens, and their businesses charge unconscionably high fees to prepare tax returns, mostly through added, deceptive fees which are typically charged without customers' knowledge.

86. Tax Mon\$ter and Tax Pros intentionally deceive customers regarding the fees charged for the preparation of tax returns.

87. For example, Lawrence instructed employees to inform customers that the typical tax return preparation fees were between \$50 and \$100. However, the actual cost is typically hundreds of dollars more, depending on the forms and schedules attached to the tax return. Tax Mon\$ter and Tax Pros 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. Tax Mon\$ter and Tax Pros 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 amount advertised. Tax Mon\$ter and Tax Pros customers must also pay an “administrative” or “service bureau” fee (which goes to Lawrence and Aikens) and fees to Drake software and EPS Financial or Refundo (the refund processors).

88. 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 Tax Mon\$ter and Tax Pros employees to prepare and file fraudulent returns claiming excessive refunds based on bogus claims and associated forms and schedules.

89. Because Tax Mon\$ter and Tax Pros target low-income individuals, the high fees frequently can pose a significant financial hardship for customers. Additionally, fees are unconscionable for the basic – albeit fraudulent – tax returns being prepared for these customers, who are often eligible for free tax return preparation and electronic filing elsewhere.

90. Lawrence, Aikens, and their businesses also routinely and intentionally fail to disclose to customers all fees charged. Lawrence and Aikens 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, Tax Mon\$ter and Tax Pros 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.

91. Customers often complain that they did not know in advance that they would be charged exorbitant fees. Tax Mon\$ter and Tax Pros 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).

92. 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.

93. Tax Mon\$ter's and Tax Pros' 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, Tax Mon\$ter and Tax Pros 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 Tax Mon\$ter and Tax Pros 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 Tax Mon\$ter and Tax Pros had subtracted it high fees.

94. 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 Lawrence and Aikens 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 Tax Mon\$ter and Tax Pros to conceal, inflate and/or lie about their fees.

95. Lawrence's and Aikens' 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 Tax Mon\$ter and Tax Pros believing that they will be charged a reasonable fee for the honest and accurate preparation of their tax return. Instead, Tax Mon\$ter and Tax Pros 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)**

96. Lawrence, Aikens, and many of their 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 Tax Mon\$ter and Tax Pros 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 Tax Mon\$ter and Tax Pros by subtracting the amount of the refund that the customer actually receives from the amount of the refund claimed on the tax return. Tax Mon\$ter's and Tax Pros' failure to provide a copy of a customer's completed tax return is part of Lawrence's and Aikens' strategy to conceal the actual fees from their customers.

97. 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."

98. Not only do Tax Mon\$ter and Tax Pros not provide a copy of the completed tax return to customers at the time it is prepared, but Tax Mon\$ter and Tax Pros 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 Tax Mon\$ter and Tax Pros 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
Lawrence's and Aikens' Tax Preparation Stores**

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

Tax Mon\$ter Customers 2 and 3

100. Customers 2 and 3 ("C2" and "C3") of Pompano Beach, Florida are married, and C3 went to the Tax Mon\$ter office located at 3890 W. Commercial Boulevard, Tamarac, Florida to have their joint 2012 federal income tax return prepared. C3 chose that office after seeing a sign promising a tax refund of \$3,850 for people with one child; she also called the office and was told that the advertised refund amount was correct. C3 brought C2's Form W-2 stating that he earned \$63,537 from a restaurant, their driver's licenses, and their daughter's social security card to the appointment. C3 stated that the preparer did not ask any questions while preparing the tax return and provided only 2 pages of the completed return.

101. Without C3's knowledge, the preparer prepared a tax return only for C2 rather than a joint return for C2 and C3. By filing for C2 separately rather than married, the preparer was able to improperly claim the Head of Household filing status for C2.

102. The preparer reported on a Schedule C that C2, who was not self-employed, had \$22,097 in self-employment expenses that he did not incur. C2 and C3 did not inform the preparer that C2 operated his own business or any business expenses.

103. The preparer also prepared a Schedule A that itemized C2's deductions. According to the Schedule A fabricated by the preparer, C2 had \$9,047 in medical expenses and \$17,778 in unreimbursed employee expenses related to his W-2 employment. C3 did not inform the preparer that C2 incurred these expenses.

104. These fabrications resulted in C2's tax return claiming that she had taxable income of only \$5,863 in 2012. In reality, C2's taxable income was \$41,489. The deflated income falsely reported by the tax preparer also improperly enabled C2 to claim a refundable Child Tax Credit of \$1,000, and C2's return claimed a bogus refund of \$5,595.

105. Following an IRS examination of C2's tax return, C2 and C3 had to pay \$4,776 in taxes for 2012.

Tax Mon\$ter Customer 4

106. Customer 4 ("C4") of Pompano Beach, Florida had his 2011 and 2012 federal income tax returns prepared at the Tax Mon\$ter located at 3890 West Commercial Boulevard, Tamarac, Florida. The preparer falsely claimed itemized deductions on the Schedule A attached to C4's tax returns in the amounts of \$36,492 in 2011 and \$18,876 in 2012. C4 did not incur any of the reported expenses listed on the Schedules A attached to the returns, did not tell the tax preparer or otherwise insinuate that he had such expenses, and did not discuss any such expenses with the tax preparer.

107. In addition, the tax preparer claimed \$1,000 in education credits for C4 in both 2011 and 2012. As a result of these bogus credits and itemized deductions, following an IRS examination of his tax returns, C4 owed over \$11,000 in taxes for tax years 2011 and 2012.

Tax Mon\$ter Customer 5

108. Customer 5 (“C5”) of Margate, Florida went to the Tax Mon\$ter store located at 3890 Commercial Boulevard, Tamarac, Florida to have her 2012 federal income tax return prepared after receiving a flyer at work.

109. C5 filled out a form with basic information including her name, address, social security number, and dependent’s information. C5 and the return preparer then sat together in silence while the preparer inputted C5’s data from the information sheet into the computer. The preparer did not ask C5 whether she was a business owner or if she had any medical expenses. The preparer falsely claimed that C5 had \$24,827 in itemized deductions – including \$14,275 in unreimbursed employee business expenses. The preparer also falsely reported that C5 owned a retail business that lost \$11,803 in 2012. C5 does not know how the preparer determined any of the expenses listed on her return. These bogus expenses and losses reduced C5’s taxable income to zero, enabling the preparer to claim that C5 was entitled to an Earned Income Tax Credit of \$3,131 and an Additional Child Tax Credit of \$1,000.

110. Furthermore, the preparer did not inform C5 how much Tax Mon\$ter charged to prepare her return. C5 believes that she received approximately \$3,000 from Tax Mon\$ter for her 2012 refund; the 2012 tax return, however, indicates that her total refund was \$4,341. Thus, Tax Mon\$ter likely charged C5 more than \$1,000 to prepare her tax return.

111. Following an examination of her tax return, C5 owed \$2,900 in taxes for 2012.

Tax Mon\$ter Customer 6

112. Customer 6 (“C6”) of Oakland Park, Florida had her 2012 and 2013 federal income tax returns prepared at the Tax Mon\$ter store located at 3890 Commercial Boulevard, Tamarac, Florida.

113. In 2012, Tax Mon\$ter filed a tax return with the IRS on behalf of C6 that did not match the copy that Tax Mon\$ter provided to C6. The tax return that C6 received claimed a refund in the amount of \$5,010; however, Tax Mon\$ter filed a tax return with the IRS claiming a refund of \$5,491. Moreover, the copy of the tax return that C6 received from Tax Mon\$ter consisted only of the first two pages of the Form 1040.

114. In 2013, Tax Mon\$ter again filed a tax return with the IRS on behalf of C6 that did not match the copy that Tax Mon\$ter provided to C6. The tax return that C6 received claimed a refund in the amount of \$4,763; however, Tax Mon\$ter filed a tax return with the IRS claiming a refund of \$5,029. As before, the copy of the tax return that C6 received from Tax Mon\$ter consisted only of the first two pages of the Form 1040.

115. The preparer claimed education credits of \$1,993 and \$2,000 on C6’s 2012 and 2013 returns, respectively. C6 did not have any qualifying education expenses and the copies of the tax returns that she received from Tax Mon\$ter did not contain the Form 8863 showing the claimed education credit.

116. The preparer also falsely claimed on the Schedule C attached to C6’s 2012 tax return that she owned a housekeeping business from which she earned \$14,152 in 2012, when C6 did not own such a business. C6’s actual income in 2012 was \$5,057, which she received from an employer that issued her a Form W-2; the preparer did not report this income on C6’s tax

return. By reporting the phony business income, the preparer falsely claimed an Earned Income Tax Credit of \$5,236.

117. The preparer also falsely claimed that C6 had two dependents in 2012 and one dependent in 2013. In reality, C6 only had one dependent in 2012 and no dependents in 2013.

118. Following an examination of her tax returns, C6 owed tax in the amounts of \$2,496 for 2012 and \$5,191 for 2013.

Tax Mon\$ter Customers 7 and 8

119. Customers 7 and 8 (“C7” and “C8”) of Altamonte Springs, Florida are a married couple who had their 2011 and 2012 federal income tax returns prepared at the Tax Mon\$ter store located at 4929 E. Colonial Drive, Orlando, Florida.

120. Despite knowing that C7 and C8 were married, the Tax Mon\$ter preparer filed their returns separately and, rather than claim the proper filing status of “married filing separately,” fraudulently claimed “head of household” filing status on C7’s 2012 and 2013 tax returns, thereby claiming a higher standard deduction.

121. The preparer falsely claimed an education credit in the amount of \$930 on C8’s 2011 tax return, when C8 had no education expenses.

122. The preparer also reported that C8 lost \$15,743 from a business in 2011 and lost \$17,115 from a different business in 2012. However, C8 never owned or operated a business and, while she waited for the preparer to complete her returns, the preparer only asked her a few questions about her employment. These fabricated business losses fraudulently reduced C8’s taxable income to zero in 2011 and \$6 in 2012.

123. C7 believed that he was charged approximately \$700 by Tax Mon\$ter to prepare his 2011 return – a basic Form 1040. Tax Mon\$ter records, however, reveal that he was actually charged \$1,052.

124. Following an examination of their tax returns, C7 and C8 together owed \$6,552 and \$5,209 in tax for 2011 and 2012, respectively.

Tax Mon\$ter Customer 9

125. Customer 9 (“C9”) of Ft. Lauderdale, Florida went to the Tax Mon\$ter store located at 3890 West Commercial Boulevard, Tamarac, Florida to have her 2011, 2012, and 2013 federal income tax returns prepared.

126. When C9 went to Tax Mon\$ter, she provided the preparer with copies of her Forms W-2. C9’s Forms W-2 for 2013 reported that she earned \$31,384 from her two jobs (\$26,222 and \$5,162). However, the preparer falsely reported that C9 earned \$23,809 in wages in 2013, underreporting C9’s wage income by \$7,575.

127. The preparer fabricated business losses reported on the Schedules C attached to C9’s tax returns, falsely claiming that C9 operated a hair styling business that lost \$18,526 in 2012 and \$4,264 in 2013. C9 did perform hair styling services for friends, which she considered a hobby, but only earned approximately \$500 for such services and spent only \$400 on supplies.

128. By using fabricated business losses to manipulate C9’s 2012 and 2013 incomes, the preparer claimed Earned Income Tax Credits and Additional Child Tax Credits totaling \$7,236 in 2012 and \$6,952 in 2013. In addition, the preparer did not report a \$1,242 distribution that C9 received from her retirement account on her 2013 tax return. As a result, Tax Mon\$ter claimed bogus refunds of \$7,252 and \$8,349 on C9’s 2012 and 2013 tax returns, respectively.

129. Tax Mon\$ter provided C9 with only the first two pages of the Forms 1040 of her 2012 and 2013 returns, which did not include the fraudulent Schedules C.

130. Following the examination of her tax returns, C9 owed tax in the amounts of \$5,378 for 2012 and \$4,540 for 2013.

Tax Mon\$ter Customer 10

131. Customer 10 ("C10") of Pompano Beach, Florida had his 2012 and 2013 federal income tax returns prepared at the Tax Mon\$ter store located at 3890 W. Commercial Boulevard, Tamarac, Florida.

132. The preparer fraudulently claimed a refundable \$1,000 American Opportunity Credit and a non-refundable education credit of \$348 on C10's 2012 return. T.R, however, received grants necessary to pay for all of his education costs in 2012 and never told the preparer that he had any out-of-pocket education-related expenses.

133. The preparer also fraudulently claimed a deduction for \$4,277 in moving expenses on C10's 2012 return. C10 did not move in 2012, did not tell the preparer that he moved, and incurred no such expenses.

134. The preparer falsely claimed that C10 had a landscaping business in 2012 and 2013 that lost \$13,475 and \$26,619, respectively. C10 did not have such a business, never told the preparer that he had this business, and was unaware that the preparer reported this non-existent business on his tax returns. These phony business losses substantially reduced C10's taxable income and enabled the preparer to falsely claim an Earned Income Tax Credit of \$2,061 and Additional Child Credit of \$1,000 in 2012, and an Earned Income Credit of \$4,752 and an Additional Child Credit of \$2,000 in 2013.

135. The preparer's rampant falsifications on C10's tax returns resulted in the IRS erroneously issuing a refund of \$6,948 in 2012 and – due to the more brazen fraudulent claims on the 2013 tax return – a refund of \$9,987 in 2013.

Tax Mon\$ter and Tax Pros Customer 11

136. Tax Pros customer 11 ("C11") of Hialeah, Florida had her 2012, 2013, and 2014 federal income tax returns prepared at the Tax Mon\$ter (2012) and Tax Pros (2013 and 2014) store located at 10514 W. Flagler St., Miami, Florida.

137. C11 provided the preparers with copies of her Form 1099 showing the income from her employer and the social security cards of her dependents. C11 only received income from one employer during all 3 years, and also earned around \$100-\$200 cleaning houses each year. C11 had no other employment from 2012 to 2014 and did not tell the preparers that she had any other employment or received any other income.

138. On all 3 tax returns, the preparer falsely claimed "HSH" income on line 7 of the tax return, in the amounts of \$9,568, \$8,964, and \$4,485 on C11's 2012, 2013, and 2014 returns, respectively. By reporting this fabricated HSH income, the preparer falsely inflated C11's reported total income to \$14,894, \$14,893, and \$16,235 and, as a result, falsely claimed the EITC in the amounts of \$5,236, \$5,372, and \$6,143 on her 2012, 2013, and 2014 returns, respectively.

139. In addition, the preparers claimed bogus American Opportunity education credits in the amounts of \$998, \$1,000, and \$1,000 on C11's 2012, 2013, and 2014 tax returns, respectively. The preparers falsely claimed that C11's daughter attended Miami-Dade College all 3 years, when in reality C11's daughter only attended a free summer program for two weeks in 2012 and attended college part-time in 2013 and 2014, and C11 did not incur the claimed expenses. Additionally, the preparers did not tell C11 the amount of the fees that they charged

C11 to have any of the 3 returns prepared, but simply subtracted the fees from C11's refunds. As a result of the phony HSH income, resulting claims for the EITC, and bogus education credits, the Tax Mon\$ter and Tax Pros preparers claimed bogus refunds in the amounts of \$5,580, \$5,534, and \$6,483 in 2012, 2013, and 2014, respectively.

Tax Pros Customer 12

140. Tax Pros customer 12 ("C12") of Opa Locka, Florida had his 2013 and 2014 federal income tax returns prepared at the Tax Pros located at 1990 NE 163rd St., North Miami Beach, Florida.

141. C12 is married, and he informed the Tax Pros preparers that his wife lives in the Dominican Republic and their two daughters live with C12. C12 gave the preparers his driver's license, social security cards for himself and his daughters, his Form W-2 from his employer, and receipts showing the income he received from his part-time graphics designer work. C12 also receives financial assistance from the State of Florida. The preparers falsely claimed Head of Household filing status on C12's 2013 and 2014, despite knowing that he was married.

142. The preparer reported bogus HSH income in the amount of \$7,861 on his 2013 tax return. By claiming this bogus income, the preparer falsely reported wages in the amount of \$16,361, and falsely claimed an EITC in the amount of \$5,372.

143. The preparers claimed bogus American Opportunity education credits in the amounts of \$881 and \$974 on C12's 2013 and 2014 tax returns, respectively. The preparers falsely claimed that C12 attended Miami-Dade College, when in reality C12 did not attend college, had no such education-related expense, and did not tell the preparer that he attended college or incurred any such expenses.

144. The preparers told C12 that the fee to prepare his returns would be between \$60 and \$300; in reality, Tax Pros deducted \$600 in fees from C12's tax refund without his knowledge. The preparers also did not review C12's tax return with him, and he was unaware of the false claims reported on his returns.

145. As a result of the false claims reported on C12's 2013 and 2014 tax returns, Tax Pros claimed bogus refunds of \$8,328 and \$10,854, respectively.

Tax Pros Customer 13

146. Tax Pros customer 13 ("C13") of Miami, Florida had her 2013 federal income tax return prepared at the Tax Pros located at 1990 NE 163rd St., North Miami Beach, Florida. C13 provided the preparer with her Form W-2, Form 1098 for her mortgage, and a statement showing her car lease. C13 worked full-time in 2013 and did not have a business in 2013 and C13 and the preparer never discussed whether C13 had a business or business income. However, the preparer falsely reported on a Schedule C attached to C13's tax return that C13 had a business (the preparer did not identify what type of business) that purportedly had gross receipts \$135 but expenses totaling \$20,771, including expenses for a mortgage (\$4,274), repairs and maintenance (\$2,114), supplies (\$1,974), taxes and licenses (\$137), cell phone (\$1,485), uniform (\$1,396), dry cleaner (\$998), and car and truck expenses (\$8,393). Thus, the preparer falsely reported a phony business loss of \$20,636 on C13's tax return. The preparer did not tell C13 that she was reporting business income on C13's tax return, did not review the tax return with C13, and C13 was unaware of the phony business loss claimed on her tax return. As a result of the phony business loss, Tax Pros fraudulently reduced C13's taxable income to \$7,906 and claimed a bogus refund in the amount of \$3,437.

Tax Pros Customer 14

147. Tax Pros customer 14 (“C14”) of Opa Locka, Florida had her 2013 federal income tax return prepared at the Tax Pros located at 1990 NE 163rd St., North Miami Beach, Florida. C14 received W-2 income from several jobs totaling \$2,076. C14 was in trade school full time and she and her children lived at her boyfriend’s house. C14’s boyfriend paid the expenses for C14 and her children.

148. The Tax Pros preparer, knowing that C14 only received wages of \$2,076, an amount that is insufficient to provide for C14 and her two children for a full year, falsely claimed Head of Household filing status on C14’s tax return.

149. In order to fraudulently claim a \$5,327 EITC on C14’s return, the preparer did not accurately report that C14 received wages of \$2,076, but falsely claimed that C14 received wages totaling \$13,657 by adding phony HSH income in the amount of \$11,581. C14 provided the preparer with her Forms W-2, did not have any such HSH income, and did not know where the preparer came up with that amount.

150. As a result, Tax Pros claimed a bogus refund of \$8,004 on C14’s 2013 tax return.

Tax Pros Customers 15 and 16

151. Tax Pros customers 15 and 16 (“C15” and “C16”) of North Miami Beach, Florida had their 2013 and 2014 federal income tax returns prepared at the Tax Pros located at 1990 NE 163rd St., North Miami Beach, Florida and 5548 S.W. 8 St., Miami, Florida, respectively.

152. The Tax Pros preparer falsely claimed on the Schedule A attached to the 2013 tax return that C15 and C16 had medical expenses in the amount of \$22,487 and unreimbursed employee business expenses in the amount of \$34,985, when C15 and C16 had no such expenses and did not tell the preparer that they had such expenses. The \$34,985 in unreimbursed

employee business expense amount included uniform expenses (\$3,563 and \$1,486), cell phones (\$1,054 and \$842), tools (\$3,569), and a computer (\$1,356). These reported expenses total \$11,870; the preparer did not identify the nature of the remaining \$23,115 of purported business expenses claimed, nor did the preparer file an IRS Form 2106 which must be filed to identify some employee business expenses.

153. The preparer also falsely claimed American Opportunity education credits in the amount of \$906 on C15's and C16's 2013 tax return. The preparer falsely claimed that C15 and C16 incurred education expenses in the amount of \$3,058 for a child enrolled at North Miami Beach High School. Neither C15 nor C16 incurred any qualifying education expenses, and they did not tell the preparer that they had any such expenses.

154. As a result of the fabricated deductions and credits, Tax Pros claimed a bogus refund in the amount of \$6,744 on C15's and C16's 2013 tax return.

155. The preparer prepared separate returns for C15 and C16 for 2014. On C16's 2014 tax return, the preparer again claimed a phony American Opportunity education credit in the amount of \$1,000, based on a purported \$4,000 in education expenses. The preparer also falsely reported on a Schedule C attached to the return that C16 had a Mary Kay business in 2014 that had gross sales of \$1,025 but expenses totaling \$20,413 for advertising (\$1,648), car and truck expenses (\$11,006), repairs and maintenance (\$964), supplies (\$2,485), travel (\$548), meals and entertainment (\$2,562), and cell phone (\$1,200). This resulted in a phony business loss of \$19,388. C16 had no such business, worked full time as a dispatcher for Waste Management, only provided the preparer with copies of her Form W-2 and social security cards for herself and her children, and did not know why the preparer made these claims on her tax return. The

preparer did not ask C16 questions about a business and did not explain to C16 what was reported on her tax return.

156. As a result of the phony business loss and fabricated education credit, Tax Pros claimed a bogus refund of \$8,022 on C16's 2014 tax return.

157. On C15's 2014 tax return, the Tax Pros preparer also claimed a phony American Opportunity education credit, in the amount of \$771. The preparer also falsely claimed on the Schedule A attached to the return that C15 had medical expenses of \$15,987 and unreimbursed employee business expenses totaling \$15,883. C15 had no such expenses. As a result, Tax Pros claimed a bogus refund of \$3,393 on C15's 2014 tax return.

Investigations and Lawsuits Have Not Deterred Lawrence and Aikens

158. Despite knowing of the widespread and pervasive fraudulent conduct surrounding their tax return preparation businesses, notably from the several lawsuits that the United States filed against owners and franchisees of LBS Tax Services, the IRS's examinations of customers' tax returns, lawsuits filed against LBS by the State of Texas and H & R Block, and the well-publicized complaints from customers and consumer protection organizations (including those by the Better Business Bureau, online consumer protection sites, and various local media outlets throughout the country), Lawrence and Aikens have continued to prepare and file fraudulent tax returns and have not taken any meaningful steps to stop the fraud.

159. To the extent that Lawrence and Aikens may claim that they do not know of the fraud committed by their tax return preparation stores, their ignorance is deliberate, and they, in furtherance of their own greed, intentionally ignore and turn a blind eye to complaints documenting and investigations into their fraudulent practices.

160. Lawrence and Aikens have little incentive to stop the wrongdoing because they directly profit from the misconduct at their tax return preparation stores by taking a percentage of all gross revenues. Accordingly, Lawrence and Aikens promote a culture of greed that favors volume and profits over accuracy and integrity, and create an environment where fraudulent tax return preparation and violations of federal tax laws flourish.

161. Following the IRS's investigations and the lawsuits filed against the LBS owners and franchisees, the only change that Lawrence and Aikens have made is to further conceal their ownership of, and involvement with, their tax return preparation stores.

Harm Caused by the Defendants

162. The IRS estimates that through the fraudulent preparation of thousands of tax returns, Lawrence, Aikens, and their businesses have caused the United States to suffer as much as tens of millions of dollars in lost revenue.

163. Lawrence's and Aikens' knowledge and encouragement of fraud at their 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. These practices harm the public because Lawrence, Aikens, and many of their 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.

164. The fraudulent practices of Lawrence, Aikens, and many of their managers and preparers harm the United States Treasury by causing lost tax revenue. Based on the IRS's completed examinations of tax returns prepared at Lawrence's and Aikens' stores, the average tax deficiency per examined tax return, and the total number of tax returns prepared at

Lawrence's and Aikens' stores, the IRS estimates the tax loss caused by Lawrence's and Aikens' stores may in the tens of millions of dollars.

165. Lawrence's and Aikens' customers have also been harmed because they relied on Lawrence, Aikens, and their businesses 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.

166. Customers are harmed by the unconscionably high and frequently undisclosed fees tied to anticipated tax refunds. These fees are subtracted from the erroneous refunds that result from the fraudulent tax return preparation perpetrated by Lawrence, Aikens, and their businesses. 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 Lawrence's and Aikens' greed at others' expense, but customers may also have to repay the portion of the refund that Lawrence, Aikens, and their businesses subtracted in fees. Customers may also have to pay additional fees to other tax return preparers to file amended tax returns to correct the fraudulent tax returns prepared and filed by Lawrence, Aikens, and their businesses.

167. Other customers are harmed by Lawrence's and Aikens' fraudulent practices because they have lost or become ineligible for federal and/or state benefits due to the false claims that Lawrence, Aikens, or those acting on their behalf made on their tax returns.

168. Lawrence's and Aikens' 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 Lawrence's and Aikens' customers. IRS employees have spent

thousands of hours conducting audits or examinations. Consequently, identifying and recovering all lost tax revenues resulting from Lawrence's, Aikens', and their businesses' fraudulent and illegal activities may be impossible.

169. Lawrence's and Aikens' conduct also harms honest tax return preparers who refuse to engage in such illegal conduct. Honest tax return preparers unfairly lose business to Lawrence, Aikens, and their businesses due to Lawrence's and Aikens' willingness to break the law. Customers often have their returns prepared at Lawrence's and Aikens' businesses because they promise the maximum refund, and deliver by fabricating claims and deductions on customers' returns.

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

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

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

172. 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 26 U.S.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 26 U.S.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 26 U.S.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 26 U.S.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.

173. 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.

174. Lawrence and Aikens, as shown above in paragraphs 1 through 171, are tax return preparers who have 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. They advise, instruct, direct, and cause their managers, preparers, and employees to

engage in tax fraud, and to prepare federal income tax returns asserting unreasonable, unrealistic, frivolous and fraudulent positions. Accordingly, Lawrence and Aikens knew (or should have known) of the unreasonable, unrealistic, frivolous and fraudulent positions.

175. Lawrence, Aikens, and those acting in concert with them and at their direction have continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. § 6694 by preparing federal tax returns that understate their customers' liabilities based on unrealistic, frivolous and reckless positions. Lawrence and Aikens, through the actions described above, recklessly or intentionally disregard IRS rules or regulations.

176. Lawrence, Aikens, and those acting in concert with them and at their direction have continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. § 6695. The Treasury regulations promulgated under 26 U.S.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. § 1.6695-2 (2011). Lawrence and Aikens advise, encourage, and cause their managers, preparers, and employees to circumvent these due diligence requirements and to ignore or disregard the information provided by customers.

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

178. Lawrence, Aikens, and those acting in concert with them and at their direction have continually and repeatedly prepared federal income tax returns that claim the EITC for

customers where they and those acting in concert with them and at their direction have not conducted, let alone documented, the required due diligence procedures.

179. Lawrence and Aikens also fail to comply with 26 U.S.C. § 6695(a), which requires that a tax return preparer provide a copy of the completed tax return to the taxpayer.

180. Lawrence's and Aikens' continual and repeated violations of 26 U.S.C. §§ 6694 and 6695 fall within 26 U.S.C. § 7407(b)(1)(A), and thus are subject to an injunction under 26 U.S.C. § 7407.

181. Lawrence's and Aikens' continual and repeated fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws falls within 26 U.S.C. § 7407(b)(1)(D), and thus is subject to an injunction under 26 U.S.C. § 7407.

182. Lawrence, Aikens, and those acting in concert with them and at their 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 26 U.S.C. § 7407(b)(1)(C), and thus is subject to an injunction under 26 U.S.C. § 7407.

183. If Lawrence and Aikens are not enjoined from all tax preparation, they and those acting in concert with them and at their direction are likely to continue to prepare and file false and fraudulent tax returns.

184. Lawrence and Aikens continual and repeated conduct subject to an injunction under 26 U.S.C. § 7407, including their 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 Lawrence and Aikens' interference with the proper administration of the internal revenue laws. Accordingly, Lawrence and Aikens 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

185. Section 7408 of the I.R.C. authorizes a district court to enjoin any person from engaging in conduct subject to penalty under either 26 U.S.C. § 6700 or § 6701 if injunctive relief is appropriate to prevent recurrence of such conduct.

186. 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 26 U.S.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."

187. Lawrence and Aikens, through the actions detailed above in paragraphs 1 through 171, caused the presentation and preparation of false, fraudulent, and abusive tax returns and other documents. Lawrence and Aikens prepare, assist, and/or advise with respect to the presentation and preparation of federal tax returns for customers that they know will understate their correct tax liabilities, because Lawrence and Aikens knowingly prepare, assist, and/or advise with respect to the presentation and preparation of returns claiming bogus expenses and deductions. Lawrence and Aikens procured and assisted the preparation of false and fraudulent tax returns by encouraging the filing of tax returns they knew were false or fraudulent, and by

employing, training, and supervising tax return preparers engaging in tax fraud. Lawrence's and Aikens' have thus engaged in conduct subject to a penalty under 26 U.S.C. § 6701.

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

189. If the Court does not enjoin Lawrence and Aikens, they are likely to continue to engage in conduct subject to penalty under 26 U.S.C. § 6701. The preparation of tax returns claiming improper expenses and deductions by Lawrence, Aikens, and those acting in concert with them and at their direction is widespread over many customers and tax years. Injunctive relief is therefore appropriate under 26 U.S.C. § 7408.

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

190. 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.

191. Lawrence and Aikens, through the actions described above in paragraphs 1 through 171, including, but not limited to, intentionally understating their customers' tax liabilities and charging unconscionable and undisclosed fees for the preparation of federal tax

returns that intentionally understate their customers' tax liabilities, have engaged in conduct that substantially interferes with the enforcement of the internal revenue laws.

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

193. While the United States will suffer irreparable injury if Lawrence and Aikens are not enjoined, Lawrence and Aikens will not be harmed by being compelled to obey the law.

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

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

196. Lawrence's and Aikens' 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 Lawrence and Aikens have unjustly profited at the expense of the United States by subtracting their exorbitant fees from those refunds.

197. Lawrence and Aikens are not entitled to these ill-gotten gains. But for Lawrence's and Aikens' conduct, these bogus refunds would not have been issued. The Court should enter an order under 26 U.S.C. § 7402(a) requiring Lawrence and Aikens to disgorge to the United States the gross receipts (in the form of fees subtracted from customers' tax refunds) that Lawrence, Aikens, and their businesses received for the preparation of federal tax returns.

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

A. That the Court find that Christopher Lawrence and Kenneth Aikens have continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. §§ 6694 and 6695, 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 26 U.S.C. § 7407, enter a permanent injunction prohibiting Christopher Lawrence and Kenneth Aikens from acting as federal tax return preparers;

C. That the Court find that Christopher Lawrence and Kenneth Aikens have engaged in conduct subject to penalty under 26 U.S.C. § 6701, and that injunctive relief under 26 U.S.C. § 7408 is appropriate to prevent a recurrence of that conduct;

D. That the Court find that Christopher Lawrence and Kenneth Aikens have 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 26 U.S.C. § 7402(a);

E. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter a permanent injunction prohibiting Christopher Lawrence, Kenneth Aikens, and all those in active concert or participation with them, from:

- (1) acting as federal tax return preparers 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 themselves;
- (2) preparing or assisting in preparing federal tax returns that they know or reasonably should have known would result in an understatement of tax

liability or the overstatement of federal tax refund(s) as penalized by 26 U.S.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 26 U.S.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 26 U.S.C. §§ 7402(a) and 7407, enter an order requiring Christopher Lawrence and Kenneth Aikens to immediately and permanently close, because of the pervasive fraud, all tax return preparation stores that they own directly or through Tax Mon\$ter, Inc., Tax Pro of Sweetwater, LLC, Tax Pro Aide, LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC, or any other entity, and whether those stores do business as Tax Mon\$ter, Tax Pros, or under any other name;

G. That the Court, pursuant to 26 U.S.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 Christopher Lawrence and Kenneth Aikens own directly or through Tax Mon\$ter, Inc., Tax Pro of Sweetwater, LLC, Tax Pro Aide, LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC, or any other entity, or any other entity, and whether those stores do business as Tax Mon\$ter, Tax Pros, or under any other name;

H. That the Court, pursuant to 26 U.S.C. § 7402(a), enter an order prohibiting Christopher Lawrence and Kenneth Aikens, directly or through Tax Mon\$ter, Inc., Tax Pro of

Sweetwater, LLC, Tax Pro Aide, LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC, or any other entity, or any other entity, from assigning, transferring, or selling any franchise agreement, independent contractor agreement, or employment contract related to Tax Mon\$ter, Tax Pros, or any other tax return preparation business to which they or any entity under their control is a party;

I. That the Court, pursuant to 26 U.S.C. § 7402(a), enter an order barring Christopher Lawrence and Kenneth Aikens from: (1) selling to any individual or entity a list of customers, or any other customer information, for whom Christopher Lawrence, Kenneth Aikens, Tax Mon\$ter, Inc., Tax Pro of Sweetwater, LLC, Tax Pro Aide, LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC, and any other business or name through which Christopher Lawrence, Kenneth Aikens, or those acting at their direction have at any time since 2009 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 Christopher Lawrence or Kenneth Aikens, Tax Mon\$ter, Inc., Tax Pro of Sweetwater, LLC, Tax Pro Aide, LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC, or any other business through which Christopher Lawrence or Kenneth Aikens prepare tax returns or owns or franchises a tax return preparation business, a list of customers or any other customer information for customers for whom Christopher Lawrence and Kenneth Aikens, Tax Mon\$ter, Inc., Tax Pro of Sweetwater, LLC, Tax Pro Aide, LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC, and any other business or name through which Christopher Lawrence, Kenneth Aikens, or those acting at their direction have at any time since 2009 prepared a tax return; and (3) selling to any individual or entity any proprietary information pertaining to Tax Mon\$ter, Inc., Tax Pro of Sweetwater, LLC, Tax Pro Aide, LLC,

Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC, and any other business or name through which Christopher Lawrence, Kenneth Aikens, or those acting at their direction have at any time since 2009 prepared a tax return;

J. That the Court, pursuant to 26 U.S.C. § 7402, enter an order requiring Christopher Lawrence and Kenneth Aikens to disgorge to the United States the gross receipts (the amount of which is to be determined by the Court) that Christopher Lawrence, Kenneth Aikens, Tax Mon\$ter, Inc., Tax Pro of Sweetwater, LLC, Tax Pro Aide, LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC, received (in the form of fees subtracted from customers' tax refunds) 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, Tax Mon\$ter, or Tax Pros stores owned by Christopher Lawrence, Kenneth Aikens, Tax Mon\$ter, Inc., Tax Pro of Sweetwater, LLC, Tax Pro Aide, LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC;

K. That the Court, pursuant to 26 U.S.C. §§ 7402(a) and 7407, enter an order requiring Christopher Lawrence and Kenneth Aikens 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 Christopher Lawrence, Kenneth Aikens, and their managers, employees, and tax return preparers prepared federal tax returns or claims for a refund for tax years 2010 through 2014 to inform them of the permanent injunction entered against them, 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 26 U.S.C. §§ 7402(a), 7407, and 7408, enter an order requiring Christopher Lawrence and Kenneth Aikens 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 Christopher Lawrence, Kenneth Aikens, and their managers, employees, and tax return preparers prepared federal tax returns or claims for a refund for tax years beginning in 2009 and continuing through this litigation;

M. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter an order requiring Christopher Lawrence and Kenneth Aikens 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 Christopher Lawrence, Kenneth Aikens, Tax Mon\$ter, Inc., Tax Pro of Sweetwater, LLC, Tax Pro Aide, LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, LLC from 2009 to the present;

N. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter an injunction requiring Christopher Lawrence and Kenneth Aikens to provide a copy of the Court's order to all principals, officers, managers, franchisees, employees, and independent contractors of Christopher Lawrence, Kenneth Aikens, Tax Mon\$ter, Inc., Tax Pro of Sweetwater, LLC, Tax Pro Aide, LLC, Tax Pro Sub Series, LLC, and Tax Pro Coral Gables, 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 Christopher Lawrence and Kenneth Aikens provided a copy of the Court's order;

O. That the Court retain jurisdiction over Christopher Lawrence, Kenneth Aikens, and over this action to enforce any permanent injunction entered against them;

P. That the United States be entitled to conduct discovery to monitor Christopher Lawrence's and Kenneth Aikens' compliance with the terms of any permanent injunction entered against them; and

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

Dated: October 22, 2015

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