

IN THE UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF FLORIDA  
FORT LAUDERDALE DIVISION

CIVIL NO. 0:26-cv\_\_\_\_\_ - \_\_\_\_\_ / \_\_\_\_\_

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UNITED STATES OF AMERICA,  
Plaintiff,  
v.  
CHRISTOPHER BROWN and SUPERIOR  
TAXES, LLC,  
Defendants.

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**COMPLAINT**

1. The United States of America brings this action to permanently enjoin Christopher Brown, individually and through his business entity, Superior Taxes, LLC, from:
  - a. Preparing, filing, directing, or assisting in the preparation or filing of federal tax returns, amended returns, and other tax-related documents and forms, including any electronically-submitted tax returns or tax-related documents, for any entity or person other than themselves;
  - b. Filing, assisting in the filing of, or directing the filing of federal tax returns, amended returns, or other tax-related documents or forms, including any electronically submitted tax returns or tax-related documents, for any entity or person other than themselves;
  - c. Engaging in activity subject to penalty under 26 U.S.C. § (“I.R.C.”) §§ 6694, 6695, and/or 6701; and

- d. Engaging in conduct that substantially interferes with the proper administration and the enforcement of the internal revenue laws.
2. This action also seeks an order for disgorgement of ill-gotten gains from Defendants' preparation of tax returns.

#### **JURISDICTION AND VENUE**

3. This action is authorized and requested by a delegate of the Secretary of the Treasury of the United States and commenced at the direction of the Attorney General of the United States.
4. The Court has jurisdiction pursuant to I.R.C. § 7402(a) and 28 U.S.C. §§ 1340 and 1345.
5. Venue is proper in this Court, pursuant to I.R.C. §§ 7407(a), 7408(a), and 28 U.S.C. § 1391(b), because Mr. Brown's principal place of business is within this district, Mr. Brown prepares tax returns in this district, and the events giving rise to the United States' claims occurred in this district.

#### **Christopher Brown and Superior Taxes, LLC**

6. Mr. Brown resides in Pembroke Pines, Florida, within this court's jurisdiction.
7. Mr. Brown is a high school graduate who has prepared returns for others since 2000.
8. In 2004, Mr. Brown established Superior Taxes, LLC ("Superior") located at 3530 NW 211<sup>th</sup> Street, Miami Gardens, Florida. Mr. Brown is the sole owner/operator of Superior Taxes and is the only tax preparer at the Miami Gardens, Florida location.

#### **Brown Defendants Tax Preparation Activities**

9. Mr. Brown is a paid "tax return preparer," as defined by I.R.C. § 7701(a)(936).

10. As shown in the chart below, Mr. Brown, individually and through Superior, prepares and files thousands of income tax returns each year. He claims refunds on approximately 97% of all returns that he prepares.

Calendar Year	Number of Returns Prepared	Refunds Claimed
2021	2,977	2,862 (96.1%)
2022	2,869	2,776 (96.8%)
2023	2,786	2,703 (97%)
2024	3,105	2,994 (96.4%)
2025	2,843	2,761 (97.1%)
<b>TOTALS</b>	<b>14,580</b>	<b>14,096 (97%)</b>

11. According to Mr. Brown, most of Superior's business comes from the preparation of individual income tax returns for "low income" individuals.

12. Superior's does not provide any accounting, bookkeeping, payroll, or any other services to its customers.

13. Superior employs two year-round employees and seven seasonal employees. But Mr. Brown is the only tax return preparer and the only individual with a PTIN.

#### **Previous IRS Investigations of Brown Defendants' Misconduct**

14. The Internal Revenue Service repeatedly informed Defendants that their conduct is improper and illegal.

15. Between 2009 and 2022, the IRS sent several warning letters to Brown and conducted Earned Income Credit (EIC) Due Diligence Visits.

16. These warnings have gone unheeded and have not deterred Defendants. They have continued to file improper and illegal tax returns for their customers, despite these warnings.

17. A delegate of the Secretary of the Treasury assessed civil penalties against Defendants under I.R.C. § 6695(g) for failure to act with due diligence in determining their customers' eligibility to file as head of household and to claim education, child tax, and earned income credits. The civil penalties were assessed as follows:

Year	Assessment Date	Amount of § 6695(g) Penalty
2009	09/12/2011	\$8,600
2015	03/20/2017	\$1,010
2017	05/13/2019	\$60,690
2022	08/26/2024	\$34,720

18. Three customers filed complaints with the IRS against Mr. Brown for tax returns he prepared in 2010 and 2019. The complaints include allegations of preparer misconduct, refund theft, and false items/deductions and false dependents claimed on their tax returns.

19. Defendants have not stopped or corrected their improper return preparation practices despite the IRS due diligence visits, the assessed penalties, and the customer complaints.

### **Defendants' Schemes**

20. Defendants know (or should know) that returns they prepare false and often use a number of these schemes on a single return to maximize the refund their customers claim. Examples of Defendants' fraudulent schemes are described below. To protect the identity of the defendants' customers, the Complaint refers to each customer by a number, e.g., Customer 1. A "Customer Key," which identifies each customer by name and SSN, will be served on Defendants with a copy of the Complaint.

#### ***Defendants Prepare Tax Returns Claiming Incorrect Head of Household (HOH) Filing Status***

21. Over the last five years, Mr. Brown's business prepared and filed tax returns claiming HOH for 65% of his customers.

22. To use the HOH filing status a taxpayer must be considered “unmarried” and furnish over one-half of the cost of maintaining the household for themselves and a qualifying person. This filing status usually results in lower tax rates than “single” or “married filing separate” and allows a higher standard deduction.

23. Examples of Defendants claiming incorrect filing statuses on customers’ 2022 and 2023 tax returns include:

a. Defendants falsely claimed Customer 1 as HOH on her 2022 and 2023 tax returns despite knowing that Customer 1 did not qualify for HOH filing status.

Defendants even included a note on Customer 1’s tax return stating “no qualifying child, no disabled children.”

b. Defendants falsely claimed Customer 2’s filing status as HOH on her 2023 tax return despite knowing that Customer 2 was married and living with her husband as reflected on Customer 2’s intake form.

c. Defendants falsely claimed Customer 3’s filing status as HOH on his 2022 and 2023 tax returns, even though Defendants knew Customer 3 was married and lived with his wife. Customer 3 told Defendants he was married, and Customer 3 and his wife went to Defendants’ office together.

d. Defendants falsely claimed Customer 4’s filing status as HOH on his 2022 and 2023 tax returns, ignoring Customer4’s intake form that stated he was single.

Defendants claimed HOH status on Customer 4’s tax returns without Customer 4’s knowledge.

24. These examples are just a small sample of the times that Defendants claimed the incorrect filing status on their customers’ tax returns. Taxpayers who claim to be HOH typically

results in lower tax rates and allows a high standard deduction, so they generally pay less tax than a single filer. HOH filers often benefit from other tax credits, such as the Child Tax Credit, the Earned Income Tax Credit (EITC), and the Child and Dependent Care Credit.

***Defendants Prepare Tax Returns with Fictitious Business Losses Reported on a Schedule C***

25. Individual taxpayers who are self-employed report the business's income and expenses on a Schedule C, *Profit or Loss From Business (Sole Proprietorship)*, that is filed as part of a taxpayer's Form 1040. The net figure reported on a Schedule C, whether profit or loss, is a component of the taxpayer's adjusted gross income ("AGI").

26. Defendants understate their customers' AGI by fabricating or inflating losses and/or expenses claimed on a Schedule C filed with the returns. Often, Defendants will include a Schedule C on returns for customers they know do not own or operate a business. This manipulation of Schedule C fraudulently reduces the amount of taxable income Defendants report for their customers and thus the customers' tax liabilities. The reduction in tax also enables Defendants to claim bogus tax credits and fraudulent refunds for their customers.

27. Defendants frequently invent or overstate losses to fraudulently reduce their customers' taxable income. In all instances in the table below, Defendants either created a fictional business or claimed business losses the customer did not incur. As reflected in the table, Defendants claimed the following false or inflated losses on a Schedule C included on customers' 2022 and 2023 tax returns:

Customer	Tax Year	False or Inflated Schedule C Loss
Customer 1	2023	\$2,597
Customer 3	2022	\$2,307
Customer 3	2023	\$2,771
Customer 5	2023	\$10,892
Customer 8	2022	\$4,947
Customer 8	2023	\$6,896
Customer 9	2023	\$1,729

28. None of the customers in the table above incurred the losses reported on their returns. Examples of these scheme include:

a. Defendants claimed \$3,128 in fabricated expenses on a Schedule C included with Customer 1's 2023 tax return. Customer 1 received only W-2 wage income and did not operate any business or incur any business expenses in 2023. Defendants claimed the bogus Schedule C loss to reduce Customer 1's taxable income and fraudulently claim an inflated refund.

b. Customer 3 is a law enforcement officer who did not operate a business. Defendants prepared Schedules C without Customer 3's knowledge. Defendants reported fabricated expenses and reported a fictitious loss on Customer 3's 2022 and 2023 tax returns. Defendants then reported that loss on Customer 3's tax returns to reduce his income and thus his tax liability for the 2022 and 2023 tax years.

c. Customer 5 is a correction officer/security guard and received only W-2 income in 2023. Customer 5 did not run a business in 2023. Yet, Defendants reported a \$10,892 loss on a Schedule C on Customer 5's 2023 tax return without her knowledge or approval to reduce her taxable income and inflate her refund.

29. These examples are just a small sample of the times that Defendants reported false or inflated Schedule C losses on their customers' tax returns.

***Defendants Prepare Tax Returns Claiming False Residential Energy Credits***

30. The Internal Revenue Code provides a non-refundable tax credit to taxpayers who make certain energy efficient improvements to their home. This credit is reported on a Form 5695 attached to a taxpayer's income tax return.

31. A taxpayer can receive the residential energy credit by purchasing certain clean energy property, such as solar equipment, wind turbines, and geothermal heat pumps. If a taxpayer makes such a purchase, they can reduce their taxable income by a percentage of the equipment costs.

32. Defendants regularly claim residential energy credits for customers who do not qualify for the credit.

33. In all instances in the table below, Defendants invented clean energy property costs to claim bogus residential energy credits on their customers' returns. As reflected in the table, Defendants claimed the following false residential energy credits on customers' tax returns:

<b>Customer</b>	<b>Tax Year</b>	<b>Bogus Residential Energy Credits</b>
Customer 1	2022	\$506
Customer 1	2023	\$1,568
Customer 7	2022	\$803
Customer 7	2023	\$962
Customer 8	2022	\$131
Customer 8	2023	\$1,328
Customer 9	2023	\$1,501
Customer 11	2023	\$244

34. None of the customers in the table above were eligible for a Residential Energy Credit ("REC"). Examples of this scheme include:

a. Defendants claimed fabricated RECs on Customer 7's 2022 and 2023 tax returns. Customer 7 did not make any improvements to her home that were eligible for the REC. Defendant claimed the bogus RECs without Customer 7's knowledge.

b. Defendants claimed bogus REC on Customer 8's 2022 and 2023 tax returns. Customer 8 lived in an apartment and did not purchase any type of solar energy improvements for his apartment that were eligible for the REC. Defendants claimed the bogus RECs without Customer 8's knowledge.

c. Defendants claimed a false REC on Customer 9's 2023 tax return for a solar water heater. Customer 9 did not purchase a solar water heater and did not tell Defendants that he had purchased a solar water heater. Defendants claimed the fabricated \$1,501 REC without Customer 9's knowledge.

35. These examples are just a small sample of the times that Defendants claimed bogus residential energy credits on their customers' returns. Defendants claim false residential energy credits on customers' tax returns to reduce the amount of income tax owed by those customers. The reduction in tax also leads Defendants to claim other bogus tax credits and fraudulent refunds for their customers.

***Defendants Prepare Tax Returns Claiming Bogus Education Credits, including the American Opportunity and Lifetime Learning Credit ("AOTC")***

36. Defendants also claim bogus education expenses and falsely claim both nonrefundable and refundable education credits, such as the American Opportunity Tax 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.

37. To qualify for an education credit, the taxpayer must pay qualified education expenses to an eligible education institution for an eligible student listed on the taxpayer's tax

return (including their spouse or dependent). Education institutions often will use a Form 1098-T to transmit to students and the IRS the amount of the tuition and qualified education expenses billed and the amount of any scholarships or grants provided to the students.

38. Eligible taxpayers can claim a deduction for education credits on IRS Form 8863 “Education Credits (American Opportunity and Lifetime Learning Credits).”

39. For returns that claim the American Opportunity Credit, tax preparers are required to complete IRS Form 8867 “Paid Preparer’s Due Diligence Checklist.” That checklist asks the tax preparer if the customer provided the IRS Form 1098-T or other documentation substantiate that the customer qualifies for the refundable credit. The checklist is attached to the customer’s federal tax return for filing.

40. As reflected in the table, Defendants claimed the following false education credits on customers’ 2022, 2023, and 2024 tax returns:

<b>Customer</b>	<b>Year</b>	<b>Bogus Education Credit Claimed</b>
Customer 1	2022	\$8,862
Customer 5	2023	\$2,038
Customer 6	2022	\$10,668
Customer 6	2023	\$13,296
Customer 8	2022	\$1,876
Customer 8	2023	\$2,000
Customer 10	2024	\$4,428
Customer 12	2023	\$8,267

41. None of these customers in the above were eligible to claim the American Lifetime Opportunity Credit. Examples of this scheme include:

a. Customer 8 was not aware that Defendants had claimed \$1,876 and \$2,000 education credits on his 2022 and 2023 tax returns totaling \$1,876 and \$2,000, respectively. Customer 8 was not attending any school during 2022 and 2023 and did not receive a Form 1099-T from an educational institution those years. Defendants did not

ask if Customer 8 was attending school during these years, and Customer 8 did not tell Defendants that he was attending school in 2022 and 2023.

b. Defendants claimed \$4,428 in out-of-pocket education expenses on Customer's 10's 2024 tax return. Customer 10 did not attend college during 2024 and left the portion of the intake form asking about college attendance blank. Despite knowing Customer 10 did not attend college in 2024, Defendants claimed false education credits on Customer 10's tax return.

c. Defendants claimed \$8,267 in out-of-pocket education expenses for Customer 12's 2023 tax return. Customer 12 did attend college in 2023, but her tuition was covered by a basketball scholarship and financial aid help with room and board and any other expenses that the scholarship did not cover. Defendants claimed the education credits on Customer 12's tax return without her knowledge

42. These examples are just a small sample of the times Defendants claimed fabricated or inflated education credits on customers' tax returns to reduce their customers' taxable income and inflate their customers' refunds.

#### **Manipulation of the Earned Income Tax Credit**

43. Defendants often use these schemes to manipulate the EITC in customers' favor or to claim it for ineligible customers.

44. The EITC is a refundable credit for working taxpayers with low to moderate income. The amount of EITC for which taxpayers may qualify depends upon several factors, including filing status, number of dependents, and amount of "earned income." *See* I.R.C. § 152. Because the EITC is a refundable credit, in some cases it can entitle a taxpayer to a refund

greater than the amount of tax paid or a payment from the U.S. Treasury even if no tax is reported.

45. Defendants manipulate their customers' tax returns to maximize their customers' EITC by fabricating business income and expenses that defendants know or should know is false; incorrectly claiming head of household filing status; and fabricating tax credits (such as residential energy credits and education credits) that defendants know their customers are ineligible to claim.

46. Since tax year 2018, I.R.C. § 6695(g) and the associated due diligence requirements in 26 C.F.R. § 1.6695-2 have required paid tax return preparers to submit a Form 8867 ("Paid Preparer's Due Diligence Checklist") with returns on which they claim the EITC or several other frequently abused credits and deductions. The form includes questions such as "If the taxpayer is reporting self-employment income, did you ask questions to prepare a complete and correct Form 1040, Schedule C?" and "Have you determined that the taxpayer is, in fact, eligible to claim the EIC [EITC] for the number of children for whom the EIC is claimed, or to claim the EIC if the taxpayer has no qualifying child?" The form requires a preparer to certify that "all of the answers on this Form 8867 are, to the best of [their] knowledge, true, correct, and complete."

47. Defendants certified their customers qualified for the EITC when they knew the certification to be false. For example, Brown knowingly claimed incorrect HOH filing status, fabricated credits, and reported bogus Schedule C expenses and income to falsely claim the EITS for customers who would otherwise not qualify and/or to maximize the size of customers' EITC.

**Harm Caused by Defendants' Actions**

48. Through the schemes and other conduct described above, Defendants have engaged in a pattern of understating customers' tax liabilities and overstating their refunds or credits, which results in a loss of federal tax revenue.

49. In many instances, Defendants' fraudulent understatement of their customers' taxable income and overstatement of their customers' refunds and credits caused the United States to issue refunds that the customers were not entitled to receive.

50. In addition to lost tax revenue, the United States must bear the substantial cost of examining tax returns Defendants have prepared and collecting the understated liabilities from their customers.

51. Defendants' illegal conduct also harms honest tax return preparers because, by preparing tax returns that unlawfully inflate their customers' refunds, Defendants gain a competitive advantage over tax return preparers who prepare returns in accordance with the law. Customers who are satisfied with the tax refunds they receive (but are often unaware of Defendants' illegal return preparation practices) return to Defendants for subsequent tax seasons.

52. Defendants' actions also undermine confidence in the federal income tax system and harm their customers. Defendants' customers trust—and pay—their tax preparers to prepare honest tax returns. Defendants betray that trust and harm their customers, who could be required to pay tax deficiencies, interest, and penalties resulting from Defendants' conduct.

53. Defendants also encourage noncompliance with the internal revenue laws by failing to confirm with customers their tax returns honestly and accurately reflect information they provided.

54. Defendants' conduct harms the United States and United States taxpayers because Defendants cause their customers to underreport and underpay their tax liabilities. The IRS conducted an analysis of the returns filed by Defendants in 2022, 2023, and 2024. Extrapolating the data gleaned in this analysis to Defendants' high-volume return-preparation business reveals the gravity of harm caused by Defendants.

55. For example, the IRS identified 2,001 tax returns filed by Defendants in 2022, 2023, and 2024 that included Defendants' four main schemes (Schedule C losses, AOTCs, Residential Energy Credits, and incorrect HOH filing status). Of these 2,001 tax returns, the IRS randomly selected 70 tax returns of Defendants' customers to interview. Of the 70 tax returns examined, 86% (60 out of 70 returns) of these examined returns had errors and fabrications, resulting in an average tax deficiency of \$3,035. In applying the 86% error rate and the average tax deficiency to the 2,001 returns flagged with potential issues, the tax harm caused by Defendants for the 2022, 2023, and 2024 tax years is estimated to be around \$5,204,773.

**COUNT I: INJUNCTION UNDER I.R.C. § 7407  
FOR CONDUCT SUBJECT TO PENALTY UNDER I.R.C. §§ 6694 AND 6695**

56. The United States realleges paragraphs 1 through 55.

57. Section 7407 of the Internal Revenue Code authorizes a district court to enjoin a person who is a tax return preparer from engaging in certain conduct or from further acting as a tax return preparer. The prohibited conduct justifying an injunction includes:

a. Engaging in conduct subject to penalty under I.R.C. § 6694(a), which penalizes a tax return preparer who prepares a return that contains an understatement of tax liability or an overstatement of a refund or credit due to an unreasonable position that the preparer knew or should have known was unreasonable;

b. Engaging in conduct subject to penalty under I.R.C. § 6694(b), which penalizes a tax return preparer who prepares a return that contains an understatement of tax liability or an overstatement of a refund due to willful or reckless conduct;

c. Engaging in conduct subject to penalty under I.R.C. § 6695(g), which penalizes a tax return preparer who does not exercise due diligence in determining eligibility for earned income tax credits, child tax credits, and education credits; and

d. Engaging in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws.

58. To issue an injunction, the court must find (1) that the preparer engaged in the prohibited conduct and (2) that injunctive relief is appropriate to prevent the recurrence of the conduct.

59. If a tax return preparer's conduct is continual or repeated and the court finds that a narrower injunction would be insufficient to prevent the preparer's interference with the proper administration of the internal revenue laws, the court may permanently enjoin the person from acting as a tax return preparer. *See* I.R.C. § 7407(b).

60. Defendants have continually and repeatedly engaged in conduct subject to penalty under I.R.C. § 6694 by preparing returns that understate their customers' tax liabilities and overstate their refunds and credits. As described above, Defendants prepare returns that claim deductions for expenses not incurred by their customers and credits to which the taxpayers are not entitled. Defendants do so with knowledge that the positions they take on tax returns are unreasonable and lack substantial authority. Defendants thus engage in conduct subject to penalty under I.R.C. § 6694(a).

61. Additionally, Defendants engage in conduct subject to penalty under I.R.C. § 6694(b) by willfully understating customers' liabilities and acting with a reckless and intentional disregard of rules and regulations.

62. Defendants have also engaged in conduct subject to penalty under I.R.C. § 6695(g) by repeatedly failing to exercise due diligence in determining the eligibility of their customers to claim the EITC, HOH filing status, and education credits.

63. Defendants' conduct substantially interferes with the administration of the internal revenue laws. Injunctive relief is necessary to prevent this misconduct because, absent an injunction, Defendants are likely to continue to prepare false federal income tax returns. Indeed, the IRS has assessed several penalties against Mr. Brown for his understatement of his customers' liabilities and failure to exercise due diligence in determining customers' eligibility to claim certain credits, including the EITC. Defendants received several other warnings regarding their problematic return preparation practices. The warnings and penalties had no effect on their practices, and Defendants continue to prepare tax returns that understand their customers' liabilities and claim false or inflated deductions and credits.

64. A narrower injunction would be insufficient to prevent Defendants' interference with the administration of internal revenue laws. Defendants prepare tax returns understating their customers' liabilities through multiple schemes that report false information on their customers' tax returns. In addition, the IRS may not yet have identified all the schemes used by Defendants to understate liabilities and to overstate refunds and credits. Without a permanent injunction against Defendants, the IRS will have to spend additional resources to uncover all their future schemes. The harm resulting from these schemes includes both the expenditure of these resources and the revenue loss caused by the improper deductions and credits Defendants

claim on tax return they prepare. According, only a permanent injunction is sufficient to prevent future harm caused by Defendants acting as tax return preparers.

**COUNT II: INJUNCTION UNDER I.R.C. § 7408  
FOR CONDUCT SUBJECT TO PENALTY UNDER I.R.C. § 6701**

65. The United States realleges paragraphs 1 through 55.

66. Section 7408 of the Internal Revenue Code authorizes a district court to enjoin any person from engaging in conduct subject to penalty under I.R.C. § 6701.

67. Section 6701 of the Internal Revenue Code penalizes a person who aids or assists in the preparation of tax returns that the person knows will result in the understatement of tax liability.

68. Defendants engage in conduct subject to penalty under I.R.C. § 6701 by knowingly and willfully preparing, aiding, or assisting in the preparation of income tax returns that claim credits and deductions they know to be improper, false, or inflated.

69. Defendants' repeated actions fall within I.R.C. § 7408, and injunctive relief is appropriate to prevent a recurrence of this conduct.

70. If Defendants continue to act as tax return preparers, their conduct will result in irreparable harm to the United States and the United States no adequate remedy at law.

71. Defendants' conduct has caused, and will continue to cause, substantial tax losses to the United States Treasury, much of which may be undiscovered and unrecoverable. The IRS will have to devote substantial and unrecoverable time and resources auditing their customers individually to detect understated liabilities and overstated refund claims unless the Court enjoins Defendants' activities.

72. The detection and audit of erroneous tax credits and deductions claimed on returns prepared by Defendants would be a significant burden on IRS resources.

**COUNT III: INJUNCTION UNDER I.R.C. § 7402 FOR UNALWFUL INTERFERENCE WITH THE ENFORCEMENT OF INTERNAL REVENUE LAWS**

73. The United States realleges paragraph 1 through 55.

74. Section 7402(a) of the Internal Revenue Code authorizes a court to issue orders of injunctions as may be necessary and appropriate for the enforcement of the internal revenue laws.

75. If Defendants continue to act as tax return preparers, their conduct will result in irreparable harm to the United States, and the United States has no adequate remedy at law.

76. Defendants' conduct has caused, and will continue to cause, substantial tax losses to the United States Treasury, much of which may be undiscovered and unrecoverable. The IRS will have to devote substantial and unrecoverable time and resources auditing customers individually to detect understated liabilities and overstated refund claims unless the Court enjoins Defendants' activities.

77. The detection and audit of erroneous tax credits and deductions claimed on tax returns prepared by Defendants would be a significant burden on IRS resources.

78. Injunctive relief is appropriate because any harm to Defendants caused by an injunction preventing them from continuing their illegal schemes is substantially outweighed by the harm they cause to the United States and to the public. Further, an injunction stopping Defendants' illegal activity is in the public interest.

**COUNT IV: DISGORGEMENT UNDER I.R.C. § 7402(a)**

79. The United States realleges paragraphs 1 through 55.

80. Section 7402 of the Internal Revenue Code authorizes a district court to issue orders, judgments, and decrees as may be necessary or appropriate for the enforcement of the internal revenue laws.

81. Defendants' conduct substantially interferes with the enforcement of the internal revenue laws and causes the United States to issue tax refunds to individuals not entitled to receive them. AHS Defendants have unjustly profited at the expenses of the United States by subtracting their fees from those refunds.

82. Defendants are not entitled to these ill-gotten gains.

83. But for Defendants' conduct, these bogus refunds would not have been issued.

84. Using its broad authority under I.R.C. § 7402(a), the Court should enter an order requiring Defendants to disgorge to the United States the receipts (in the form of fees earned by engaging in false or fraudulent conduct) for preparing federal tax returns that make false or fraudulent claims in an amount to be determined by the Court.

#### **RELIEF REQUESTED**

The United States respectfully requests that the Court:

A. Find that Defendants have repeatedly and continually engaged in conduct subject to penalty under I.R.C. §§ 6694 and 6695, injunctive relief is appropriate under I.R.C. § 7407 to prevent recurrence of that conduct, and a narrower injunction would not be sufficient to prevent the recurrence of Defendants' conduct;

B. Find that Defendants have repeatedly and continually engaged in conduct subject to penalty under 26 U.S.C. § 6701 and that injunctive relief is appropriate under I.R.C. § 7408 to prevent recurrence of that conduct;

C. Find that Defendants have repeatedly and continually engaged in conduct that substantially interferes with the proper enforcement and administration of the internal revenue laws and that injunctive relief is appropriate under I.R.C. § 7402(a) and this Court's equitable authority to prevent recurrence of that conduct;

D. Enter a permanent injunction prohibiting Defendants, and another other person or entity working in concert or participation with them, from directly or indirectly:

1. Preparing, filing, directing, or assisting in the preparation or filing of federal tax returns, amended returns, and other tax-related documents and forms, including any electronically-submitted tax returns or tax-related documents, for any entity or person other than themselves;
2. Filing, assisting in the filing of, or directing the filing of federal tax returns, amended returns, or other tax-related documents or forms, including any electronically submitted tax returns or tax-related documents, for any entity or person other than themselves;
3. Using, maintaining, renewing, obtaining, transferring, selling, or assigning any PTIN or EFIN;
4. Owning, managing, assisting, working for, profiting from, or volunteering for any individual, business, or entity that prepares or assists in the preparation of tax returns, amended returns, or other tax-related documents or forms, including any electronically submitted tax returns or tax-related documents;
5. Transferring, selling, or assigning their customer lists and/or other customer information; Engaging in activity subject to penalty under I.R.C. §§ 6694, 6695, and/or 6701; and
6. Engaging in conduct that substantially interferes with the proper administration and enforcement of tax laws.

E. Enter an injunction requiring Defendants, at their own expense:

1. To send by certified mail, return receipt requested, a copy of the final injunction entered against Defendants, as well as a copy of the Complaint setting forth the allegations as to how Defendants fraudulently prepared federal tax returns, to each person for whom Defendants prepared federal tax returns or any other federal tax forms after January 1, 2022, within 30 days of entry of the final injunction;
2. To turn over to the United States copies of all returns and claims for refund that Defendants prepared after January 1, 2022, within 30 days of entry of the final injunction;
3. To provide the United States with a list of names, Social Security numbers, addresses, phone numbers, and email addresses of each person for whom Defendants prepared tax returns, other tax forms, or claims for refund after January 2, 2022, within 30 days of entry of the final injunction;
4. To prominently post, within 10 days of entry of the final injunction, a copy of the injunction in Defendants' place of business where they prepared tax returns;
5. To post for two years and in a prominent location, on all social media accounts and websites Defendants use to advertise their tax preparation services: a statement that they have been enjoined from the preparation of tax returns, a copy of the injunction, and a hyperlink to any press release regarding the injunction that the Department of Justice may issue;
6. To deliver a copy of the injunction to any employees, contractors, and vendors of Defendants, if any, within 30 days of entry of the final injunction;

7. To file a sworn statement with the Court evidencing Defendants compliance with the foregoing directives within 45 days of entry of the final injunction; and

8. To keep records of Defendants' compliance with the foregoing directives, which may be produced to the Court, if requested, or the United States pursuant to paragraph F, below;

F. Enter an order allowing the United States to monitor Defendants' compliance with the injunction through formal and informal discovery, including but not limited to requests for the production of documents, interrogatories, and depositions in accordance with the Federal Rules of Civil Procedure;

G. Order, without further proceedings, the immediate revocation of any and all PTINs and EFINs held by, assigned to, or used by Defendants issued under I.R.C. § 6109;

H. Enter an order informing Defendants that their failure to comply with the injunction may result in sanctions of civil and/or criminal contempt, including but not limited to:

1. Disgorgement of fees for returns prepared in violation of the injunction;
2. Reimbursement to the United States of all costs associated with enforcing the injunction;
3. Seizure of items with returns being prepared, including computers;
4. Daily fines during non-compliance;
5. Barring access to location(s) at which returns are being prepared in violation of the injunction, including permitting the United States to change the locks at any location at which returns are prepared in violation of the injunction to prevent employees and customers from entering the location; and

6. Appointment of a receiver to take possession of any business at which Defendants prepare returns in violation of this injunction and the assets of said business and to sell the business and its assets to pay any civil compensatory sanctions imposed on Defendants.

- I. After a period of discovery to determine an appropriate amount of disgorgement, order Defendants to disgorge their ill-gotten gains to the United States;
- J. Retain jurisdiction over Defendants and this action to enforce any permanent injunction entered; and
- K. Award the United States its costs incurred in connection with this action, along with such other relief as justice requires.

Dated: February 9, 2026

Respectfully submitted,

BRETT A. SHUMATE  
Assistant Attorney General

JOSHUA WU  
Deputy Assistant Attorney General  
Tax Litigation Branch

**/s/ Elizabeth N. Duncan**  
ELIZABETH N. DUNCAN  
Special Bar No. A5503275  
RACHEL IACANGELO  
Special Bar No. A5503123  
Trial Attorneys  
Tax Litigation Branch  
Civil Division, U.S. Department of Justice  
P.O. Box 14198  
Ben Franklin Station  
Washington, D.C. 20044  
(202) 514-6546 (Duncan)  
(202) 353-1978 (Iacangelo)  
[Elizabeth.N.Duncan@usdoj.gov](mailto:Elizabeth.N.Duncan@usdoj.gov)  
[Rachel.E.Iacangelo@usdoj.gov](mailto:Rachel.E.Iacangelo@usdoj.gov)

Of counsel:

JASON A. REDING QUINONES  
United States Attorney  
Southern District of Florida