

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

Case No. 1:26-cv-23006

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
CEDRIC REID,)
JUAN SANTANA, and)
ADVANCE TAX GROUP, INC.,)
)
Defendants.)
_____)

COMPLAINT FOR PERMANENT INJUNCTION

1. The United States brings this suit to permanently enjoin Cedric Reid, Juan Santana, and Advance Tax Group, Inc. (collectively, “Defendants”), and all persons and entities in active concert or participation with Defendants, from directly or indirectly:

- a. Preparing, assisting in the preparation of, or directing the preparation 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;
- 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. Using, maintaining, renewing, obtaining, transferring, selling, or assigning any Preparer Tax Identification Number (“PTIN”) or Electronic Filing Identification Number (“EFIN”);
 - d. Owning, operating, managing, profiting from, working in, providing capital or loans to, receiving fees or remuneration from, controlling, licensing, consulting with, franchising, or volunteering at a business that prepares or assists in the preparation of tax returns, amended tax returns, or other tax-related documents or forms, including any electronically submitted tax returns or tax-related documents;
 - e. Transferring, selling, or assigning their customer lists and/or other customer information;
 - f. Training, instructing, teaching, creating, or providing guides, memoranda, directions, instructions, or manuals, pertaining to the preparation of federal tax returns;
 - g. Engaging in activity subject to penalty under 26 U.S.C. §§ 6694, 6695, and/or 6701; or
 - h. Engaging in conduct that substantially interferes with the proper administration and enforcement of tax laws.

2. This action is authorized and requested by the Chief Counsel of the Internal Revenue Service, a delegate of the Secretary of the Treasury of the United

States. It is commenced at the direction of the Attorney General of the United States.

Jurisdiction and Venue

3. This Court has jurisdiction pursuant to 26 U.S.C. § 7402(a) and 28 U.S.C. §§ 1340 and 1345.

4. Venue is proper in this Court pursuant to 26 U.S.C. §§ 7407(a) and 7408(a), as well as 28 U.S.C. § 1391, because Cedric Reid and Juan Santana prepare tax returns within this judicial district, Tax Advance Group Inc has its principal place of business within this judicial district, and a substantial part of the events giving rise to these claims occurred within this judicial district.

Defendants

Cedric Reid

5. Cedric Reid (“Reid”) is a paid tax return preparer who has been in the tax preparation business since at least 2021.

6. Reid coordinates return preparation with his customers in a variety of ways, including over the phone, by email, in-person at his Daytona Beach office, and at customers’ residences or places of business.

7. On June 24, 2024, the IRS sent Reid a letter notifying him that he was under investigation for his tax preparation activities. The letter instructed him to attend a scheduled interview and to provide certain documents. Reid refused to attend the interview or provide any documents.

8. Because Reid refused to be interviewed, the United States does not know whether he has any tax-related education or training.

Advance Tax Group, Inc.

9. Advance Tax Group, Inc. (“ATG”) is a tax return preparation business that Reid founded, owns, and operates.

10. Reid registered ATG as a Florida Profit Corporation on October 27, 2015. Its registration is currently active.

11. Reid is ATG’s registered agent and sole officer.

12. ATG has two offices, located at 3460 Northeast Jacksonville Road, Ocala, Florida 34479 (the “Ocala Office”) and 153 South Nova Road, Daytona Beach, Florida 32114 (the “Daytona Beach Office”).

13. Some ATG employees also prepare tax returns remotely—by text, email, and/or phone—without meeting the customers face-to-face.

14. Other individuals who prepare tax returns through ATG include:

a. Juan Santana, Aban Lluberes, Desiree Santana, and Geovanni Fuentes (Ocala Office);

b. April Wolfe, Emanuel Cowan, and Alberto Morel (Daytona Beach Office); and

c. Willie Sheppard (remotely).

15. Reid trains ATG’s employees on the tax preparation software he uses but provides little or no substantive training to ATG employees on tax return preparation or due diligence requirements for tax return preparers.

16. ATG employees ask Reid questions they have when preparing returns.

17. Tax preparation fees go into ATG’s bank account, which Reid controls.

18. Reid pays ATG employees a portion of the fees for each tax return they prepare.

Juan Santana

19. Juan Santana (“Santana”) is an ATG tax return preparer who works at the Ocala office.

20. Santana began working at ATG in 2019.

21. Santana and Reid knew each other socially before Santana became a tax return preparer. Reid introduced Santana to tax return preparation.

22. Santana did not graduate from high school, attend college, or take any classes in accounting or taxes.

23. Santana has no training in tax preparation other than Reid’s instruction on using the software.

24. Reid pays Santana approximately \$300 to \$350 for each tax return he prepares that claims a refund.

Defendants’ Tax Preparation Activities

25. Reid, Santana, and ATG are paid “tax return preparers” as defined by 26 U.S.C. § 7701(a)(36).

26. Reid has an active PTIN (XX3107), which he obtained in 2018. PTINs are IRS-issued identification numbers that tax return preparers must use to identify themselves on returns they prepare for compensation. *See* 26 C.F.R. § 1.6109-2(a); 26 C.F.R. § 1.6695-1(b).

27. Santana has an active PTIN (XX1231), which he obtained in 2020.

28. ATG employees who do not have their own PTINs use PTINs assigned

to Reid, Santana, or Lluberer.

29. Reid, Santana, and Lluberer allow other ATG employees to use their PTINs.

30. To file electronically, a paid tax return preparer must use an electronic filing identification number, or EFIN. An EFIN is an IRS-issued identification number for individuals or firms that have been approved as authorized IRS e-file providers. *See* 26 C.F.R. § 301.6011-7 (requiring return preparers who anticipate filing more than 10 returns per year to file electronically).

31. ATG return preparers, including Reid and Santana, use EFINs registered to Angelica Douglas and Kevonlian Bentley, who are related to Reid.

32. In the last four years, Defendants electronically filed at least 6,542 individual tax returns, averaging about 1,650 returns per year. Almost all of these tax returns claimed refunds.

Processing Year	ATG Returns Filed
2022	1,618
2023	2,037
2024	1,514
2025	1,416
TOTAL	6,585

33. Reid and Santana are ATG's most prolific filers. In the last four years, Reid and Santana filed at least 4,983 tax returns—over 75% of all ATG returns—99.4% of which claimed refunds.

Processing Year	Returns Filed by Reid	Returns Filed by Santana	Total	% Claiming Refund
2022	525	707	1,232	99.6%
2023	627	886	1,513	99.6%
2024	540	605	1,145	99.6%
2025	528	565	1,093	98.7%
4-Year Total	2,220	2,763	4,983	99.4%

34. Defendants do not review all customers' tax returns with the customers before filing.

35. Defendants do not give all customers a complete copy of their tax return.

36. Defendants put false information on customers' tax returns without the customers' knowledge.

Internal Revenue Service Investigations

37. In February 2024, the IRS conducted a Due Diligence Visit to investigate Reid for suspected due diligence violations under 26 U.S.C. § 6695(g). Section 6695(g) requires paid tax return preparers claiming certain commonly abused tax benefits for customers to meet due diligence requirements to verify customers' eligibility. The IRS examiner reviewed with Reid 25 tax returns Defendants had prepared for tax year 2022, along with the customer files. The IRS identified 73 due diligence violations, and assessed \$40,880 in penalties against Reid. Violations included:

- a. Failure to provide copies of Form 8867, *Paid Preparer's Due*

Diligence Checklist (“Due Diligence Checklist”);

- b. Failure to provide documentation of credits claimed for customers;
- c. Failure to make documented inquiries when customers’ information appeared to be incorrect, incomplete, or inconsistent;
- d. Failure to ask adequate questions to determine whether customers were eligible for tax benefits (Earned Income Credit, Education Credit, Child Tax Credits, and Head of Household); and
- e. Failure to retain copies of customer-provided records used to calculate credits or determine filing status.

38. In March 2024, the IRS began investigating Reid and ATG concerning their return preparation practices. In 2024, the IRS began a separate investigation of Santana concerning his return preparation practices. The IRS later combined the investigations.

39. As part of its investigation, the IRS interviewed more than 50 customers whose tax returns Defendants prepared in 2024 or 2025.

40. The IRS selected these interviewees from a set of customers whose tax returns showed signs of abusive filing schemes.

41. IRS revenue agents reviewed the customers’ tax returns with them, asked the customers to verify information, and determined whether the reported tax liability was accurate.

42. Defendants underreported tax liability on 95% of the interviewed customers’ tax returns, with an average error of over \$5,000.

43. Most of these customers stated that Defendants had included false information on their tax returns without their knowledge.

44. The investigation revealed that Reid, Santana, and other ATG employees prepared tax returns that understated customers' tax liability and falsely inflated their refunds.

45. Despite Defendants' knowledge that the IRS was investigating their conduct, they have not stopped preparing tax returns with false information.

46. Tax returns Defendants prepared during this most recent filing season show similar patterns to previous years.

Defendants' Tax Preparation Schemes

47. Defendants profit by fraudulently inflating customers' tax refunds. Often, they skim off hundreds of dollars from the refund in undisclosed tax preparation fees.

48. To manipulate customers' reported tax liability, Defendants use various schemes, including the following:

- a. Falsifying filing status or number of dependents;
- b. Falsifying business profits and losses on Schedule C;
- c. Fraudulently increasing the Earned Income Tax Credit and Additional Child Tax Credit; and
- d. Fraudulently claiming other credits, such as the American Opportunity Tax Credit.

Defendants use these schemes to reduce the tax they report for customers and

inflate the amount of the refunds they claim.

49. The descriptions below contain references to certain customers' accounts. To protect customers' privacy, this Complaint refers to each customer by a number. A Customer Key, which identifies each customer by number, name, and Social Security number, will be served on Defendants with this complaint.

Falsifying Filing Status and Number of Dependents

50. A taxpayer's filing status is generally determined from marital status. For example, most married taxpayers must file as either "married filing jointly" or "married filing separately."

51. Filing status can have a significant effect on a taxpayer's total liability. For example, "married filing separately" generally results in a higher tax liability than "married filing jointly."

52. A taxpayer who is unmarried, has at least one qualified dependent, and provides more than 50% of the household's expenses may file as "head of household" (HOH). This filing status usually results in a lower tax liability than "single" or "married filing separately" and allows a higher standard deduction. No more than one taxpayer per household can file as HOH.

53. Some tax credits, such as the Earned Income Tax Credit, American Opportunity Tax Credit, Child Tax Credit, and Additional Child Tax Credit, limit eligibility based on filing status and number of dependents. For example, most married taxpayers who file separately are not eligible for the EITC, AOTC, or Child Tax Credits. Taxpayers filing as Head of Household generally qualify for a higher EITC credit than taxpayers filing as single.

54. Defendants often misrepresent customers’ filing status to claim tax rates, deductions, and credits to which they are not entitled. The following table summarizes inaccurate filing statuses on the interviewed customers’ tax returns:

Customer	Tax Year	Preparer	Reported Filing Status	Accurate Filing Status
1	2023	Santana	HOH	Married Filing Separately
2	2022	Reid	HOH	Single
2	2023	Reid	HOH	Single
3	2022	Lluberes	HOH	Single
3	2023	Santana	HOH	Single
4	2022	Santana	HOH	Married Filing Separately
4	2023	Santana	HOH	Married Filing Separately
5	2023	Reid	HOH	Married Filing Separately
5	2024	Reid	HOH	Married Filing Separately
6	2024	Reid	HOH	Single
7	2024	Santana	HOH	Single
8	2024	Reid	Single	HOH
9	2024	Reid	Single	MFS
10	2023	Reid	Single	HOH
10	2024	Reid	Single	HOH

Customer	Tax Year	Preparer	Reported Filing Status	Accurate Filing Status
11	2023	Reid	Single	Married Filing Separately
11	2024	Reid	Single	Married Filing Separately

55. Representative examples include the following:

- a. Reid went to Customer 5's home to prepare his 2023 and 2024 tax returns. Customer 5's wife was present. When Reid asked about dependents, Customer 5 mentioned that he sometimes bought clothes for his nephew, who did not live with him. If Customer 5 had filed as Married Filing Separately, with no dependents, he would have been ineligible for the EITC and AOTC. Reid misrepresented Customer 5 as Head of Household and falsely claimed Customer 5's nephew as a dependent. These intentional errors enabled Reid to claim the EITC, AOTC, and Additional Child Tax Credit for Customer 5.
- b. Customer 11 was married but separated in 2023 and 2024, so her correct filing status was Married Filing Separately. Reid did not ask about Customer 11's marital status in either year. Reid inaccurately claimed that Customer 11 was single to claim the EITC for both years and the AOTC for 2023.
- c. Reid listed Customer 9's filing status as single on his 2024 tax return, even though Customer 9 said that he was married. When

interviewed, Customer 9 recalled, “I asked the preparer if it was a problem filing alone and he said no.” The inaccurate filing status allowed Reid to claim the EITC on Customer 9’s return, increasing his refund by \$6,211 compared to Married Filing Separately.

- d. Customer 7 and her partner went together to ATG’s Ocala Office, where they had separate 2024 tax returns prepared. Without giving Customer 7 an intake form or asking any questions about filing status, Santana identified Customer 7 as head of household. Customer 7, who lived with her partner, did not work for most of 2024. By claiming that Customer 7 was head of household with multiple dependents and fraudulently overstating her income, Santana claimed inflated EITC and ACTC credits totaling \$10,858.

Fictitious and Inflated Schedule C Expenses

56. Self-employed taxpayers report their business’s income and expenses on Schedule C, *Profit or Loss from Business (Sole Proprietorship)*, which is filed as part of the taxpayer’s Form 1040. The net profit or loss reported on Schedule C is a component of the taxpayer’s Adjusted Gross Income (“AGI”).

57. Defendants fabricate Schedule C expenses and losses on returns they prepare to manipulate the amount of Adjusted Gross Income (“AGI”) they report, falsely reducing customers’ reported tax liability and enabling them to claim deductions and credits to which they are not entitled.

58. In 2024 and 2025, approximately 70% of returns Defendants prepared included Schedule C. Of those, nearly 95% reported a net loss for the business.

59. Many customers for whom Defendants claim Schedule C expenses do not own businesses and are unaware that Defendants have stated otherwise on their returns. Representative examples include the following:

- a. Reid attached two false Schedules C to Customer 15's 2022 tax return, reporting a net loss of \$19,750 for one fake business and a net loss of \$7,113 for another. Similarly, Reid attached two false Schedules C to Customer 15's 2023 tax return, reporting net losses of \$12,445 and \$11,748. Customer 15 did not own any businesses in 2022 or 2023, did not report any business expenses to Reid, and was unaware that Reid had included Schedules C with his 2022 and 2023 tax returns.
- b. Reid included a false Schedule C with Customer 9's 2024 tax return on which he reported \$779 in gross receipts and \$23,259 in expenses, for a net loss of \$22,480. When the interviewer asked Customer 9 about the items listed on the Schedule C, he replied that he was "100% sure" he had not provided the information to Reid, since he had no business and never discussed business expenses with Reid.
- c. Santana included a false Schedule C with Customer 43's 2023 tax return on which he reported \$628 in gross receipts and \$36,000 in expenses, for a net loss of \$35,372. Santana also included a false Schedule C with Customer 43's 2024 tax return, reporting \$2,106 in

gross receipts and \$35,598 in expenses, for a net loss of \$33,492.

Customer 43 did not own a business or discuss business expenses with Santana. She was unaware that Santana had included Schedules C with her tax returns.

- d. Santana attached two false Schedules C to Customer 25's 2023 tax return, reporting a net loss of \$28,445 for one fake business and a net loss of \$37,271 for another. Santana also attached two false Schedules C to Customer 25's 2024 tax return, reporting net losses of \$22,540 and \$34,229. When interviewed, Customer 25 explained that neither of the businesses identified on the Schedules C existed, and Santana had completely fabricated the reported expenses without his knowledge.
- e. ATG employee Alan Lluberes attached a fictitious Schedule C to the 2023 tax return of Customer 16, who did not have a business in 2023. During his interview, Customer 16 recalled, "Initially I owed money, but then the preparer called someone and did something on the return and ended up getting a refund." Without Customer 16's knowledge, Lluberes invented a business with \$100 in receipts and \$15,311 in expenses. The fabricated Schedule C loss enabled Lluberes to claim a refund for Customer 16, who should have owed additional tax.

60. For customers who do have businesses, Defendants underreport

receipts and fabricate expenses to reduce reported profits. For example:

- a. Customer 10 had a small Etsy business during tax years 2023 and 2024. When Reid asked about expenses, Customer 10 said she purchased fabric, thread, and a sewing machine. Reid did not ask for a dollar amount or supporting documentation. Without Customer 10's knowledge, Reid fabricated tens of thousands of dollars in expenses for items like legal fees, office supplies, meals, and contract labor. Reid used Schedule C to claim \$1,000 in receipts and \$52,800 in expenses on Customer 10's 2023 tax return and \$575 in receipts and \$42,314 in expenses on Customer 10's 2024 tax return.
- b. Customer 5 had a side job mowing lawns, for which he did not keep financial records. Based on his interview responses, the IRS estimated his annual receipts to be around \$9,600 and his expenses to be around \$385—only gas for the mower. For 2023, Reid reported receipts of \$412 and expenses of \$26,664. For 2024, Reid reported receipts of \$577 and expenses of \$33,097. Customer 5 did not know that his tax returns reported tens of thousands of dollars in business losses and has no idea where Reid got the numbers.
- c. Customer 30 had a small business selling juices and lemonade. For tax year 2023, she told Santana that her business had about \$3,000 in receipts and \$800 in expenses. For tax year 2024, she did not

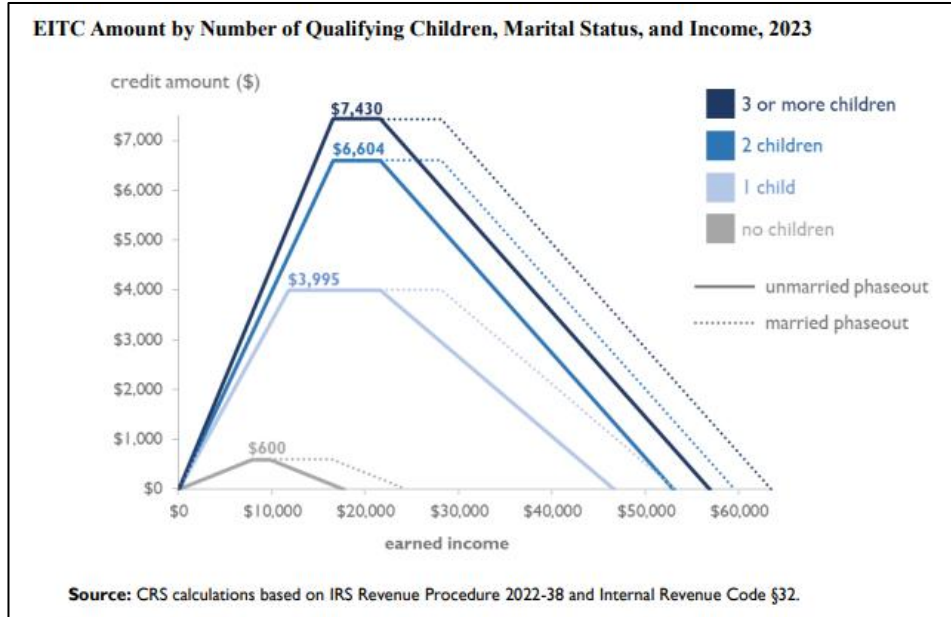
discuss the business with Santana at all. The Schedules C Santana filed for Customer 30 reported losses of \$35,530 in 2023 and \$20,070 in 2024. When the IRS interviewer showed Customer 30 the reported expenses, Customer 30 yelled “What?!” and said she suddenly had a headache. She added, “I don’t know anything about these numbers you are saying. . . . He didn’t ask me anything about 2024.”

61. Nearly 80% of the interviewed customers had at least one fake or falsified Schedule C attached to their tax returns by Defendants. These Schedules C claimed fictitious net losses ranging from \$1,381 to \$72,129, with an average loss of \$28,323.

Earned Income Tax Credit and Additional Child Tax Credit

62. The Earned Income Tax Credit (“EITC”) is a credit for working taxpayers with low to moderate income. The amount of EITC for which a taxpayer qualifies depends upon earned income, filing status, and number of dependents. *See* 26 U.S.C. § 32.

63. For each combination of filing status and number of dependents, the amount of the EITC increases as income increases between \$1 and the annual ceiling and decreases as income increases beyond the ceiling. The range of income corresponding to a maximum EITC is sometimes referred to as the “sweet spot.” The graph below illustrates EITC amounts for tax year 2023.



Source: Congressional Research Service, The Earned Income Tax Credit (EITC): How It Works and Who Receives It 2 (Nov. 2023), <https://sgp.fas.org/crs/misc/R43805.pdf>.

83. The EITC is a partially refundable credit, meaning that it can reduce a taxpayer’s liability to below zero, resulting in a refund. This makes it especially tempting for return preparers like Defendants who take their fees from customers’ refunds.

84. Defendants use their other schemes, such as fake businesses and falsifying customers’ filing status, to take advantage of the EITC. Examples include the following:

- a. On Customer 5’s 2023 and 2024 tax returns, Reid used the fraudulent information he reported to claim the EITC and ACTC when Customer 5 was not entitled to either. Customer 5 was ineligible for these credits because he was married filing separately, had no dependents, and had too much income. By deliberately misrepresenting Customer 5 as head of household, falsely claiming

his nephew as a dependent, and using fictitious Schedules C to reduce his reported AGI, Reid got Customer 5 an extra \$5,217 for 2023 and \$5,913 for 2024.

- b. Santana fraudulently reported \$12,304 in “other income” on Line 1h of Customer 7’s 2024 tax return without her knowledge. Line 1h is used as a catch-all for several uncommon sources of income, such as strike or lockout benefits, foreign income not reported elsewhere, and certain stock options. None of these applied to Customer 7, whose only source of income was as a W-2 employee. By artificially increasing Customer 7’s earned income, Santana fraudulently increased Customer 7’s EITC to \$7,830—the maximum amount for 2024.
- c. Reid prepared Customer 12’s 2024 tax return remotely. Customer 12 sent only her W-2, SSN, contact information, and her son’s ID and SSN. She told Reid that her son was 19 and worked. Reid knew that Customer 12 could not claim her son as a dependent; he even prepared her son’s tax return. Reid also attached a Schedule C for a fake business claiming a net loss of \$16,369. By falsely reporting Customer 12’s son as a dependent and underreporting her earned income via the fake loss, Reid claimed an inflated EITC of \$4,213.

Education Credits

87. The American Opportunity Tax Credit (“AOTC”) is a credit for qualifying education expenses up to \$4,000 paid for an eligible student in the first

four years of higher education. *See* 26 U.S.C. § 25A(b). Expenses covered by scholarships or grants may not be included. § 25A(g)(2). The credit equals 100% of the first \$2,000 in qualifying education expenses plus 25% of the next \$2,000, for an annual maximum of \$2,500 per student. Up to \$1,000 per student is refundable. *See* §§ 25A(b)(1) and 25A(i). The AOTC is claimed on Form 8863, *Education Credits (American Opportunity and Lifetime Learning Credits)*.

88. To qualify for an education credit, the taxpayer must pay qualified education expenses to an eligible educational institution for an eligible student listed on the taxpayer’s tax return (including their spouse or dependent).

Educational institutions use an IRS Form 1098-T to report 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 student.

89. In all instances in the table below, Defendants falsely claimed the AOTC by reporting fabricated education expenses.

Tax Year	Preparer	Fake Education Expenses Claimed
2022	Reid	Customers 2, 13, 14, and 15
	Santana	Customers 1, 4, 16, 17, 18, 19, and 40
	Lluberes	Customer 3
2023	Reid	Customers 5, 11, 13, 14, 15, 20, 21, 22, 23, and 24
	Santana	Customers 1, 3, 19, 25, 26, 27, 28, 29, 30, 31
	Lluberes	Customers 16, 17, 18, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, and 42
2024	Reid	Customer 21
	Santana	Customers 26 and 32

90. Most of the customers listed above did not attend school at all and were unaware that Defendants had claimed education expenses on their tax returns. For example:

- a. Santana falsely claimed that Customer 25 and his wife (filing jointly) each had \$4,000 in education expenses in 2023, entitling them to a \$2,000 refundable credit—the maximum refundable amount for two students. But neither spouse attended school in 2023. They never discussed education expenses with Santana and did not realize he had claimed the AOTC on their tax returns.
- b. Santana falsely claimed that Customer 26 paid \$4,000 in qualifying education expenses in 2023 and 2024. Customer 26 did not attend school in either year and did not discuss education expenses with Santana.

91. A few of these customers did attend school but did not have any qualifying expenses. For example:

- a. Reid claimed the AOTC for Customer 14 in 2022 and 2023. Customer 14 did not attend school in 2022. In 2023, she did attend school, but she received a grant that covered all expenses. Reid took Customer 14's Form 1098-T but asked no questions about her out-of-pocket expenses.
- b. Reid claimed \$4,000 in education expenses on Customer 15's 2022 and 2023 tax returns. Customer 15 and his wife had a daughter

attending college, but she received a full scholarship. The only question Reid asked when preparing Customer 15's returns was "Did your kid go to school?"

92. Defendants claimed the AOTC on a high proportion of the tax returns they filed—70% for tax returns they prepared in 2023 and 81% for tax returns they prepared in 2024.

Other Credits

93. Defendants sometimes claim various other credits to increase customers' refunds.

94. Defendants appear to shift their schemes periodically in an effort to avoid detection.

95. For example, Defendants claimed Qualified Sick and Family Leave Credits on 98% of tax returns they filed during the 2022 filing season. These refundable credits were only available for eligible employers and self-employed individuals who provided leave for COVID-19 related reasons. Most taxpayers did not qualify.

96. During the 2023 filing season, Defendants claimed the Fuel Tax Credit (FTC) on 54% of tax returns they prepared. The FTC is only available to taxpayers who operate machinery or other off-highway business vehicles that are not registered for highway use, so few taxpayers qualify. They did not claim the FTC on returns in any other years.

97. Defendants' use of the AOTC peaked in 2023 and 2024, at 70% and 81%

of all returns filed, respectively. In 2025—following the IRS investigators’ interview of Santana—AOTC returns fell to 10%.

98. Defendants’ latest scheme of choice is Schedule C losses. Defendants included Schedules C with appeared on 1% of returns they filed in 2022, 52% in 2023, 66% in 2024, and 68% in 2025. As of February 20, 2026, 65% of ATG-filed returns included Schedule C, averaging a net loss of \$21,513.

99. While Defendants shift their schemes, the end results are consistent—a nearly 100% refund rate with fraudulently inflated refund claims.

Other Violations of the Internal Revenue Code

100. In addition to the schemes described above, Defendants also regularly violate the Internal Revenue Code in other ways.

Failure to Identify the Return Preparer

101. 26 U.S.C. § 6109(a)(4) requires tax return prepares to identify themselves by signing with their PTINs all returns they prepare. A return preparer is not permitted to use another preparer’s PTIN or allow another person to use their PTIN.

102. Defendants regularly share PTINs among ATG employees. Reid, Santana, and Llubares have PTINs, but the other ATG preparers do not. The preparers who do not have their own PTINs use those of Reid, Santana, and Llubares.

103. The following customers reported that the ATG employee who prepared their tax return in 2025 was not the one whose PTIN was used to sign it.

Customer(s)	Preparer's PTIN on filed Return	Preparer per Interview
26, 28, 33, 45, 46	Juan Santana	Desiree Santana
32, 45, 47, 48, 49	Juan Santana	Geovanni Fuentes
9, 21, 50	Cedric Reid	Kevonlian Bentley

Lack of Due Diligence

87. Defendants require little information from customers. There are no intake sheets, and they ask few questions. Tax return preparation is usually done in 30 minutes or less, often by text or email.

88. For example, for tax year 2023, Customer 11 sent Reid her Form W-2 and a text message with her Social Security Number, date of birth, bank account information, and address. Reid did not ask any questions or request more documents. He falsely reported \$4,000 in qualifying education expenses to claim the AOTC and attached a Schedule C for a nonexistent business claiming a net loss of approximately \$27,000. For tax year 2024, Reid required only her W-2 and confirmation that her address and bank information had not changed. He included a Schedule C for a fake business claiming a net loss of approximately \$16,000. Customer 11 did not provide any information about education expenses or Schedule C businesses, nor did she realize that Reid has claimed them on her tax return.

89. With returns that claim head of household filing status, the Additional Child Tax Credit, the EITC, and the AOTC, tax preparers must include a completed Due Diligence Checklist affirming that they have made the specified inquiries, obtained required documentation, and retained records. *See supra* ¶ 37.

90. Defendants regularly affirm on the Due Diligence Checklist that they

have met these requirements when they have not.

91. For example, when Reid claimed the EITC on Customer 50's 2023 tax return, he included a Due Diligence Checklist affirming that he had prepared the return based on information Customer 50 provided, discussed the EITC requirements with Customer 50, and asked questions to verify any Schedule C Customer 50 provided. But Reid did none of these. Instead, he attached two fake Schedules C without Customer 50's knowledge, claiming a combined net loss of over \$36,000. For tax year 2024, Reid again included a Due Diligence Checklist claiming he had verified Customer 50's eligibility for the EITC, despite fabricating two Schedules C claiming a net loss of over \$50,000.

Undisclosed, Excessive Fees

92. Defendants charge an exorbitant amount, between \$500 and \$2,000 per tax return.

93. Reid sets the fee structure within the tax preparation software.

94. Defendants take their return preparation fees from customers' refunds, usually without disclosing the amount of the fees.

95. When Defendants take fees from a customer's refund, they sometimes tell the customer that the refund was less than what the return reported to the IRS, then pocket the difference.

96. Defendants sometimes double-charge customers by accepting payment through Zelle, CashApp, or cash, then also taking funds from a customer's refund without the customer's knowledge.

97. For example, Customer 49 paid the ATG preparer \$500 up front by Zelle. The preparer informed him that his refund was \$1,773. The filed return claimed a refund of \$2,733. Without Customer 49's knowledge, the preparer took the \$1,000 difference as an additional fee.

98. Customers generally do not notice the high fees—and often do not care—because even after Defendants take their cut, most customers receive higher refunds than they would elsewhere.

99. For example, Customer 18 attempted to pay with a check for her 2022 tax preparation, but Santana said they would just take the fee from her refund. He would not tell her what the fee was. When the IRS interviewer informed her that she had paid \$1,000, Customer 18 responded, “I do not care how much he charges, as long as I get money back.”

100. For customers who are later audited, however, the high fees can create economic hardship after they must pay back the deficiency.

101. Defendants' practice of charging large and undisclosed fees interferes with the administration and enforcement of the Internal Revenue laws by incentivizing ATG preparers to falsify tax return information. It also makes customers less likely to go to honest tax return preparers, who cannot get them an inflated refund.

102. Customer 18 stated during her interview, “Everyone from work goes there [to ATG], they give people more money.” The ATG preparer, whom she never met, required only a picture of her W-2 sent by text or email. Customer 18 admitted,

“I am like everyone else, you know. I do not want to get in trouble, but more money I get, is better.”

Failure to Provide Complete Copies of Tax Returns to Customers

103. A paid tax return preparer is required to provide each customer a complete copy of the tax return to review and sign before filing. 26 U.S.C. § 6107(a).

104. Defendants fail to provide customers with copies of their tax returns, or provide only partial copies.

105. Customer 19 noted that instead of giving him a copy of his completed returns, the ATG preparer wrote the refund amount on a sticky note for him.

106. Customer 26 could not see Santana’s computer screen during the preparation process. When Customer 26 asked to review her tax return before signing it, Santana claimed that the software was ready for signature and would not allow him to go back. Customer 26 later texted Santana about an error she had found on her 2024 tax return, but she got no response. Customer 26 and her husband hired a CPA to amend tax returns Defendants had prepared.

107. Failing to produce the completed tax return for a customer’s review enables Defendants to falsify information without the customers’ knowledge.

108. For example, when Customer 19 asked Santana why his 2022 refund was unexpectedly high, Santana replied that it was “because of Covid.” Santana had fraudulently inflated Customer 19’s refund claim by attaching a Schedule C for a fake business with a \$30,000 net loss and a Form 8863 falsely claiming \$4,000 in education credits. Because Customer 19 did not receive a copy of his tax return, he was unaware that Santana had included these falsified forms.

109. When Santana told Customer 51 he was receiving a refund of \$7,814 for tax year 2023, Customer 51 asked if “everything was normal.” Santana replied that he knew about deductions and assured Customer 51 that “everything was legal.” Without Customer 51’s knowledge, Santana had attached a Schedule C for a fake business and claimed a net loss of over \$42,000. Santana never met Customer 51, but prepared his tax return by text and email. Customer 51 never saw the return and did not realize that Santana had included a Schedule C.

110. Failing to produce the completed tax return also enables Defendants to charge higher fees than customers realize by telling the customers that their refunds are lower than what Defendants report to the IRS and pocketing the difference.

111. For example, Customer 51 paid \$500 by Apple Pay for Santana to do his 2023 tax return. The return preparation process was “all over the phone,” and Customer 51 never received a copy of his completed tax return. Santana told him that he was getting a refund of \$7,814. But without Customer 51’s knowledge, Santana claimed a refund of \$9,484 and took the \$1,670 difference, bringing the total fee to \$2,170.

HARM CAUSED BY DEFENDANTS’ FALSE CLAIMS

131. Defendants’ pattern of preparing returns that understate their customers’ tax liabilities and overstate their refunds through the schemes described above has resulted in the loss of significant federal tax revenue.

132. In many instances, Defendants’ fraudulent practices caused the United States to issue refunds that customers were not entitled to receive.

133. By comparing error rates among the sampled tax returns with the volume of tax returns Reid and Santana filed making similar claims, the IRS estimated lost tax revenue of approximately \$3.8 million for 2023 and \$3.5 million for 2024 due to Defendants' misconduct.

134. In addition, the United States has had to bear the substantial cost of examining the returns Defendants have prepared and collecting the understated liabilities and overstated refunds from their customers.

135. Defendants' activities also harm the United States by encouraging noncompliance with the internal revenue laws. Defendants' fraudulent preparation practices create illegally inflated refunds under the pretenses of legitimate return preparation practices and thereby encourage their customers to continue using their services.

136. Defendants' practices also harm customers who pay substantial fees for what they believe to be honest return preparation services, but eventually learn that they owe money to the IRS because of the inaccuracies reported on their returns.

137. Defendants' conduct indirectly harms taxpayers intended to benefit from credits like the EITC by undermining public confidence in these programs and depleting the Treasury's resources.

138. Defendants' illegal conduct also harms honest tax return preparers because, by preparing tax returns that unlawfully claim bogus business losses that falsely inflate 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 unaware of Defendants' illegal return practices often return to them for subsequent tax seasons.

**COUNT I: INJUNCTION UNDER 26 U.S.C. § 7407 FOR CONDUCT
SUBJECT TO PENALTY UNDER 26 U.S.C. §§ 6694 AND 6695**

139. 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. For a court to issue such an injunction, the court must find that:

- a. The tax return preparer engaged in prohibited conduct, including any conduct subject to penalty under 26 U.S.C. §§ 6694 or 6695 or engaging in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws; and
- b. Injunctive relief is appropriate to prevent recurrence of such conduct.

140. If a tax return preparer's conduct is continual or repeated and the court finds that a narrower injunction would not be sufficient 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. 26 U.S.C. § 7407(b).

141. Defendants have repeatedly and continually engaged in conduct subject to penalty under 26 U.S.C. § 6694(a) by preparing returns that understate their

customers' tax liabilities and overstate their refunds. As described above, Defendants have prepared returns that claim deductions for expenses that were not incurred by the taxpayers and credits to which the taxpayers are not entitled. Defendants have done so with the knowledge that the positions taken on the returns were unreasonable and lacked substantial authority. Defendants have thus engaged in conduct subject to penalty under 26 U.S.C. § 6694(a).

142. Additionally, Defendants have engaged in conduct subject to penalty under 26 U.S.C. § 6694(b) by willfully understating customers' tax liabilities and overstating their refunds. As described above, Defendants have prepared returns that claim deductions for expenses that were not incurred by their customers, and credits to which their customers are not entitled. Defendants' conduct was a willful attempt to understate the liability for tax on the returns or a reckless or intentional disregard of rules or regulations. Defendants have thus engaged in conduct subject to penalty under 26 U.S.C. § 6694(b).

143. Defendants have engaged in conduct subject to penalty under 26 U.S.C. § 6695(a) by failing to provide customers complete copies of their tax returns.

144. Defendants have engaged in conduct subject to penalty under 26 U.S.C. §§ 6695(b) and 6695(c) by preparing and filing tax returns that do not accurately identify the return preparer.

145. As confirmed in the interviews discussed above, Defendants have engaged in conduct subject to penalty under 26 U.S.C. § 6695(g) by failing to comply

with due diligence requirements in determining eligibility for and amount of the EITC, AOTC, or certain other credits.

146. 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 preparing false federal income tax returns.

147. A narrower injunction would be insufficient to prevent Defendants' interference with the administration of the internal revenue laws. Reid and Santana have received written warnings from the IRS and have known that they were under investigation, but continued to prepare fraudulent returns.

148. In addition, the IRS may not yet have identified all of the schemes that Defendants use. They will likely transition to new schemes, as in past years. Failure to permanently enjoin Defendants will require the IRS to spend additional resources to uncover all of 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 returns they prepare. Accordingly, only a permanent injunction is sufficient to prevent future harm. Reid, Santana, and ATG should be permanently enjoined from preparing tax returns for others.

**COUNT II: INJUNCTION UNDER 26 U.S.C. § 7408 FOR CONDUCT
SUBJECT TO PENALTY UNDER 26 U.S.C. § 6701**

149. Section 7408 of the Internal Revenue Code authorizes a district court to enjoin any person from engaging in conduct subject to penalty under 26 U.S.C. §

6701, which penalizes a person who aids or assists in the preparation of tax returns that the person knows will result in an understatement of tax liability.

150. Defendants have repeatedly and continually engaged in conduct subject to penalty under 26 U.S.C. § 6701 by preparing income tax returns that claim credits and deductions they knew to be improper, false, and/or inflated.

151. Defendants' repeated actions fall within 26 U.S.C. § 7408, and injunctive relief is appropriate to prevent recurrence of this conduct.

152. 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.

153. 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 to auditing their customers individually to detect understated liabilities and overstated refund claims unless the Court enjoins Defendants' activities.

154. 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 26 U.S.C. § 7402 FOR UNLAWFUL INTERFERENCE WITH ENFORCEMENT OF THE INTERNAL REVENUE LAWS

155. Section 7402(a) of the Internal Revenue Code authorizes a district court to issue orders of injunction as may be necessary or appropriate for the enforcement of the internal revenue laws.

156. Defendants have repeatedly and continually engaged in conduct that interferes substantially with the administration and enforcement of the internal revenue laws.

157. 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.

158. Defendants' conduct has caused and will continue to cause substantial tax losses to the United States Treasury, much of which may be unrecoverable. Moreover, unless Defendants are enjoined from preparing returns, the IRS will have to devote substantial and unrecoverable time and resources to auditing Defendants' customers individually to detect understated liabilities and overstated refund claims.

COUNT IV: DISGORGEMENT UNDER 26 U.S.C. § 7402(a)

159. 26 U.S.C. § 7402(a) authorizes a district court to issue orders of injunction as may be necessary or appropriate for the enforcement of the internal revenue laws.

160. Defendants' conduct substantially interferes with the enforcement of the internal revenue laws. Specifically, Defendants have caused the United States to issue tax refunds to individuals not entitled to receive them. Without Defendants' conduct, the United States would not have issued these unmerited refunds.

161. Defendants have unjustly profited from their misconduct at the expense of the United States.

162. Defendants are not entitled to these ill-gotten gains. Using its broad authority under § 7402(a), the Court should enter an order requiring Defendants to disgorge to the United States the unlawful profits (in the form of fees) they have obtained for the preparation of federal tax returns that make grossly incompetent, negligent, reckless, and/or fraudulent claims.

RELIEF REQUESTED

Plaintiff, the United States of America, respectfully requests the following:

A. That the Court find that Defendants have repeatedly and continually engaged in conduct subject to penalty under 26 U.S.C. §§ 6694 and 6695 and that injunctive relief is appropriate under 26 U.S.C. § 7407 to prevent recurrence of that conduct;

B. That the Court 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 26 U.S.C. § 7408 to prevent recurrence of that conduct;

C. That the Court find that Defendants have repeatedly and continually engaged in conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws and that injunctive relief is appropriate under 26 U.S.C. § 7402(a) to prevent recurrence of that conduct;

D. That the Court enter a permanent injunction prohibiting Defendants, any entity through which Defendants conduct business, and all persons and entities in active concert or participation with Defendants from directly or indirectly:

- (1) Preparing, assisting in the preparation of, or directing the preparation 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;

- (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 Preparer Tax Identification Number (“PTIN”) or Electronic Filing Identification Number (“EFIN”);
- (4) Owning, operating, managing, profiting from, working in, providing capital or loans to, receiving fees or remuneration from, controlling, licensing, consulting with, franchising, or volunteering at a business that prepares or assists in the preparation of tax returns, amended tax 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;

- (6) Training, instructing, teaching, creating, or providing guides, memoranda, directions, instructions, or manuals, pertaining to the preparation of federal tax returns;
- (7) Engaging in activity subject to penalty under 26 U.S.C. §§ 6694, 6695, and/or 6701;
- (8) Engaging in conduct that substantially interferes with the proper administration and enforcement of tax laws.

E. That the Court enter an order requiring Defendants at their own expense:

- (1) To turn over to the United States a list with the name, address, telephone number, email address, and social security number or other taxpayer identification number of each customer for whom Defendants prepared returns after January 1, 2023, to the extent that this information is in the possession, custody, or control of Defendants or anyone acting on Defendants' behalf;
- (2) To prominently post, within 14 days of entry of this injunction, a copy of the Injunction in Defendants' places of business where they prepared tax returns. Defendants shall keep the Injunction posted there until all business signage has been removed and the lease has been terminated;
- (3) To post, within 14 days of entry of this injunction and in a prominent location, on all social media accounts and websites

used to advertise Defendants' tax preparation services, a statement that they have been permanently enjoined from the preparation of tax returns; to set all business email addresses used for Defendants' tax preparation services to auto-reply to all received emails with a statement that they have been permanently enjoined from the preparation of tax returns; and to change the voicemail message on all business phones used for Defendants' tax preparation services to a statement that they have been permanently enjoined from the preparation of tax returns. Defendants will maintain the posts required by this paragraph on their social media accounts for one year, after which they will close the accounts. Defendants will close their websites, business phones, and email addresses used for Defendants' tax preparation services within 30 days of entry of the final Permanent Injunction in this action. Once closed, the websites, social media accounts, business phones, and emails are no longer required to carry the posts and messages described in this paragraph. In the alternative, Defendants may immediately close all business websites, social media accounts, business phones, offices, and email accounts;

- (4) To file a sworn statement with the Court evidencing Defendants' compliance with the foregoing directives within 45 days of entry of the final injunction in this action; and
- (5) 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 H, *infra*.

F. That the Court order, without further proceedings:

- (1) The immediate revocation of any and all PTINs and EFINs held by, assigned to, or within control of Defendants pursuant to 26 U.S.C. § 6109;
- (2) That Reid, Santana, and ATG cease using any other PTINs or EFINs; and
- (3) The immediate revocation of any EFIN held by, assigned to, or within the control of ATG, including but not limited to all EFINs held by Angelica Douglas and Kevonlian Bentley.

G. That the Court enter an order, pursuant to 26 U.S.C. § 7402(a), requiring Defendants to disgorge to the United States the unlawful profits (the amount of which is to be determined by the Court) that Defendants have obtained (in the form of fees charged to customers) for the preparation of federal tax returns that make grossly incompetent, negligent, reckless, and/or fraudulent claims;

H. That the Court 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;

I. That the Court 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 which returns are being prepared, including computers;
- (4) Daily fines during non-compliance;
- (5) Barring access to the 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.

J. That the Court retain jurisdiction over Defendants and this action to enforce any permanent injunction entered; and

I. That the Court grant the United States such other relief, including costs, as is just and equitable.

Dated: April 28, 2026

Respectfully submitted,

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