

1 RICHARD E. ZUCKERMAN
Principal Deputy Assistant Attorney General

2 JONATHAN M. HAUCK
3 Trial Attorney, Tax Division
U.S. Department of Justice
4 P.O. Box 683, Ben Franklin Station
Washington, D.C. 20044-0683
5 Tel.: (202) 616-3173
Fax: (202) 307-0054
6 Email: jonathan.m.hauck@usdoj.gov
western.taxcivil@usdoj.gov

7 Of Counsel:
ADAM L. BRAVERMAN
8 United States Attorney
Southern District of California

9 *Counsel for Plaintiff, United States of America*

10 IN THE UNITED STATES DISTRICT COURT
11 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

12 UNITED STATES OF AMERICA,

13 Plaintiff,

14 v.

15 MELISSA LANG (f.k.a. MELISSA
ANN VEGA),

16 Defendant.

Case No. '18CV0481 BEN JLB

**COMPLAINT FOR
PERMANENT INJUNCTION
AND OTHER RELIEF**

17
18 The plaintiff, United States of America alleges against defendant, Melissa Lang,
19 formerly known as Melissa Ann Vega, (hereafter “Ms. Lang”), the following:

1 1. This civil action is brought by the United States under 26 U.S.C. (“I.R.C.”)
2 §§ 7402, 7407 and 7408 seeking an injunction order permanently barring
3 Ms. Lang, individually and doing business as or through any entity, and
4 anyone in active concert or participation with her, from:

- 5 i. Acting as a federal tax return preparer or requesting, assisting in or
6 directing the preparation and/or filing of federal tax returns for any
7 person or entity other than herself, or appearing as a representative on
8 behalf of any person or organization whose tax liabilities are under
9 examination or investigation by the Internal Revenue Service (IRS).
- 10 ii. Owning, managing, controlling, working for, receiving fees or
11 remuneration from, consulting with, or volunteering for “L&T
12 Works” and “Lang Works, LLC” or any other business or entity
13 engaged in tax return preparation;
- 14 iii. Using, maintaining, renewing, obtaining, transferring, selling, or
15 assigning any Preparer Tax Identification Number PTIN or an
16 Electronic Filing Identification Number (EFIN);
- 17 iv. Engaging in any activity subject to penalty under I.R.C. §§ 6694,
18 6695, 6700, or 6701;
- 19 v. Engaging in activity subject to penalty under I.R.C. § 6701, including
preparing or assisting in the preparation of a document related to a

1 matter material to the internal revenue laws that includes a position
2 that she knows would result in an understatement of another person's
3 tax liability;

- 4 vi. Engaging in any other conduct that is subject to penalty under the
5 Internal Revenue Code or that interferes with the proper
6 administration and enforcement of the internal revenue laws; and
7 vii. Obtaining, using, or retaining any other person's Social Security
8 number or other federal tax identification number of federal tax return
9 information in any way for any purpose without that person's express
10 written consent.

11 2. This action has been requested by the Chief Counsel of the Internal Revenue
12 Service (IRS), a delegate of the Secretary of the Treasury, and commenced
13 at the direction of a delegate of the Attorney General, pursuant to I.R.C. §§
14 7402, 7407 and 7408.

15 ***Jurisdiction and Venue***

- 16 3. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345 and
17 I.R.C. § 7402.
18 4. Venue is proper in this Court under 28 U.S.C. §§ 1391 and 1396 because
19 Ms. Lang resided in San Diego prior to her incarceration, and because a

1 substantial part of the actions giving rise to this suit took place within this
2 judicial district.

3 ***Factual Allegations***

- 4 5. Beginning in at least 2009 and continuing through April 15, 2015, Ms. Lang
5 and others knowingly filed and caused to be filed materially false income tax
6 returns with the Internal Revenue Service.
- 7 6. In addition to operating her business from her home, from at least January
8 2014 through May 2015, Ms. Lang operated tax preparation businesses
9 called “L&T Works” and “Lang Works, LLC” from 6780 Miramar Road,
10 Suite 204, San Diego, CA. Ms. Lang and her associates held themselves out
11 to the public as tax return preparers. Ms. Lang initially charged \$150 per tax
12 return, but she began charging \$200 per return in 2015.
- 13 7. During the course of her tax preparation activities, Ms. Lang filed, or caused
14 to be filed through her associates and employees, approximately 4,194 false
15 returns.
- 16 8. The false returns Ms. Lang caused to be filed claimed fraudulent refunds of
17 more than \$9,000,000, which includes approximately \$7,020,020 in false
18 education credits.
- 19 9. Ms. Lang instructed her associates and employees that almost all of her
clients should receive an education credit. Ms. Lang stated that the clients

1 should receive the education credit even if the client informed Ms. Lang or
2 her associates or employees that the client did not attend school for that
3 taxable period at issue. Ms. Lang further instructed her associates to claim
4 \$4,000 in education expenses on a client's income tax return in an effort to
5 maximize the client's education credit.

6 10. Ms. Lang's other fraudulent activities and schemes included:

- 7 • Failing to sign tax returns she prepared for compensation;
- 8 • Fabricating or inflating employee business expenses on Schedule A;
- 9 • Fabricating or inflating the mortgage interest deduction on Schedule A;
- 10 • Creating fictitious Schedule C's in order to reduce tax due or to qualify
11 for the Earned Income Tax Credit;
- 12 • Creating fictitious W-2's from various companies such as Pizza Hut and
13 Ashford University for her clients;
- 14 • Creating fictitious W-2's on her personal tax returns;
- 15 • Transferring dependents from the individual caring for the dependent to
16 an unrelated participant's return;
- 17 • Engaging in identity theft by stealing the personal information (names,
18 Social Security Numbers, dates of birth, etc.) of other taxpayers and
19 using the stolen information to file false and fraudulent income tax
returns; and

- Directing IRS refunds from these false and fraudulent returns to be electronically deposited into financial accounts directly or indirectly owned and/or controlled by Ms. Lang.

11. The IRS has determined that Ms. Lang was liable for, and has assessed, penalties under I.R.C. § 6694 in the amounts of \$5,000 and \$235,000 for 2012 and 2013, respectively.

12. Ms. Lang was charged in relation to the above referenced conduct in the United States District Court for the Southern District of California (*United States v. Melissa Ann Vega, aka Melissa Lang*, Case No 3:14-cr-03658-JM). On January 28, 2015, Ms. Lang was released on bond. Within days of her release on bond, she resumed her filing of false tax returns.

Ms. Lang Pleaded Guilty to Filing False Tax Returns

13. On December 2, 2015, Ms. Lang pleaded guilty to one count of conspiracy to file false, fictitious, and fraudulent claims (18 U.S.C. § 286), one count of tax evasion (I.R.C. § 7201), and one count of aggravated identity theft (18 U.S.C. § 1028A). Ms. Lang was sentenced to a total of five years in prison.

14. Pursuant to her plea agreement, Ms. Lang agreed to be permanently enjoined from preparing or filing, or causing someone else to prepare or file federal tax returns for anyone other than herself. *United States v. Melissa*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

Ann Vega, aka Melissa Lang, Case No 3:14-cr-03658-JM, ECF No. 97, page 3:5.

Harm Caused by Ms. Lang’s Fraud

15. Ms. Lang’s fraudulent tax return preparation activities have caused (and continue to cause) significant harm to her customers, the U.S. Treasury, and the public at large.

16. Ms. Lang’s customers have been harmed because they pay her to prepare proper tax returns. Instead, Ms. Lang prepares returns that have substantially understated her customers’ correct tax liabilities. As a result, many customers may now face large income tax debts and may be liable for sizeable penalties and interest.

17. Ms. Lang’s fraudulent practices likewise harm the U.S. Treasury in the form of lost tax revenue. The IRS estimates that Ms. Lang’s conduct may have cost the United States more than \$9,000,000, of which approximately \$7,020,020 was attributable to falsely claimed education credits.

18. Ms. Lang’s conduct also harms honest tax return preparers who refuse to engage in such unscrupulous conduct and who may unfairly lose business to Ms. Lang as a result of her willingness to break the law.

1 19. Finally, Ms. Lang's misconduct harms the public at large by undermining
2 public confidence in the federal tax system and encouraging widespread
3 violations of the internal revenue laws.

4 20. Without an injunction, Ms. Lang is likely to continue preparing false federal
5 income tax returns causing harm to Ms. Lang's customers, the United States,
6 and the public at large. An injunction will serve the public interest because it
7 will put a stop to Ms. Lang's illegal conduct and the harm that such conduct
8 causes her customers, the U.S. Treasury, and the public.

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

10 21. The United States incorporates by reference the allegations in paragraphs 1
11 through 20.

12 22. I.R.C. § 7407 authorizes a district court to enjoin a tax return preparer from
13 (1) engaging in conduct subject to penalty under I.R.C. § 6694; (2) engaging
14 in any conduct subject to criminal penalty under the Code; or (3) engaging in
15 any other fraudulent or deceptive conduct which substantially interferes with
16 the proper administration of the Internal Revenue laws. I.R.C. §
17 7407(b)(1)(A)-(D).

18 23. If the Court finds that a preparer has continually and repeatedly engaged in
19 any of the conduct described in paragraph 22, and that an injunction
prohibiting such conduct would not be sufficient to prevent that person's

1 interference with the proper administration of internal revenue laws, the
2 Court may enjoin that person from acting as a tax return preparer. I.R.C. §
3 7407.

4 24. I.R.C § 6694 imposes a penalty against a tax return preparer who prepares a
5 federal tax return or claim of refund understating the taxpayer's liability due
6 to an unreasonable position (one for which there is no substantial authority),
7 and the preparer knew or should have known of the position. I.R.C. §
8 6694(a).

9 25. I.R.C. § 6694 also imposes a penalty against a tax return preparer who
10 prepares a federal tax return understating the taxpayer's liability due to the
11 preparer's own willful or reckless conduct. I.R.C. § 6694(b).

12 26. Ms. Lang has continually and repeatedly prepared federal income tax
13 returns that understate her customers' tax liabilities based on unreasonable
14 positions she knew or should have known were unreasonable.

15 27. Ms. Lang has continually and repeatedly engaged in willful or reckless
16 conduct when preparing federal income tax returns that understate her
17 customers' federal tax liabilities.

18 28. Ms. Lang has demonstrated her propensity to continue her filing of false
19 returns, and that an injunction is necessary and appropriate, when she

1 persisted with her conduct while released on bond for charges related to her
2 false filing of tax returns.

3 29. Ms. Lang has filed false tax returns for her customers.

4 30. In addition to the specific conduct that violates I.R.C. § 6694, and her
5 criminal conduct, Ms. Lang, through the actions described above, has
6 engaged in fraudulent and deceptive conduct that substantially interferes
7 with the administration of internal revenue laws.

8 31. Pursuant to I.R.C. § 7407, the Court should permanently enjoin Melissa
9 Lang from acting as a federal tax return preparer.

10 **Count II: Injunction under 26 I.R.C. § 7408**

11 32. The United States incorporates by reference paragraphs 1 through 31 above.

12 33. I.R.C. § 7408 of the Code authorizes a district court to enjoin a tax return
13 preparer from engaging in conduct that is subject to penalty under I.R.C. §
14 6701 if injunctive relief is appropriate to prevent recurrence of that conduct.

15 34. I.R.C. § 6701(a) of the Code imposes a penalty against any person who aids
16 or assists in, procures, or advises with respect to the preparation of any
17 portion of a federal income tax return, refund claim, or other document
18 knowing (or having reason to believe) that it will be used in connection with
19 any material matter arising under the internal revenue laws and knowing that

1 if it is so used it would result in an understatement of another person's tax
2 liability.

3 35. Ms. Lang has prepared false federal tax returns on which she intentionally
4 inflates and/or fabricates tax deductions and/or credits knowing (or having
5 reason to know) that those returns will result in her customers' understating
6 their federal tax liabilities.

7 36. If the Court does not enjoin Ms. Lang, she is likely to continue to engage in
8 penalty conduct under I.R.C. § 6701. Injunctive relief is therefore
9 appropriate under I.R.C. § 7408.

10 **Count III: Injunction under I.R.C. § 7402**

11 37. The United States incorporates by reference paragraphs 1 through 36 above.

12 38. I.R.C. § 7402 authorizes district courts to issue injunctions "as may be
13 necessary or appropriate for the enforcement of the internal revenue laws."
14 The remedies available to the United States under this statute "are in
15 addition to and not exclusive of any and all other penalties." I.R.C. §
16 7402(a).

17 39. Ms. Lang, through the actions described above, has engaged in conduct that
18 substantially interferes with the administration and enforcement of the
19 internal revenue laws, and she is likely to continue to engage in such
conduct unless enjoined.

1 40. If Ms. Lang is not enjoined from preparing tax returns for others, the United
2 States will suffer irreparable injury by erroneously providing tax refunds to
3 persons not entitled to receive them and by taxpayers not reporting and
4 paying the correct amount of taxes.

5 41. Unless Ms. Lang is enjoined from preparing federal tax returns for others,
6 the IRS will have to devote substantial time and resources to identifying and
7 locating her customers, and then examining those customers' tax returns.
8 Pursuing all individual customers may be impossible given the IRS's limited
9 resources.

10 42. Enjoining Ms. Lang from preparing federal tax returns is in the public
11 interest because an injunction will stop her from causing further harm to the
12 United States and its citizenry.

13 43. The Court should therefore order injunctive relief under I.R.C. § 7402(a).

14 WHEREFORE, the United States requests the following relief:

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

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

3 C. That the Court find that Melissa Lang has engaged in conduct subject
4 to penalty under I.R.C. § 6701, and that injunctive relief under I.R.C. § 7408 is
5 appropriate to prevent a recurrence of that conduct;

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

10 E. That the Court, under I.R.C. §§ 7407, 7408, and 7402(a), enter an
11 injunction order permanently barring Ms. Lang, and all those in active concert or
12 participation with her, from:

- 13 i. Acting as a federal tax return preparer or requesting, assisting in or
14 directing the preparation and/or filing of federal tax returns for any
15 person or entity other than herself, or appearing as a representative on
16 behalf of any person or organization whose tax liabilities are under
17 examination or investigation by the Internal Revenue Service (IRS).
18 ii. Owning, managing, controlling, working for, receiving fees or
19 remuneration from, consulting with, or volunteering for "L&T"

1 Works” and “Lang Works, LLC” or any other business or entity
2 engaged in tax return preparation;

- 3 iii. Using, maintaining, renewing, obtaining, transferring, selling, or
4 assigning any Preparer Tax Identification Number PTIN or an
5 Electronic Filing Identification Number (EFIN);
- 6 iv. Engaging in any activity subject to penalty under I.R.C. §§ 6694,
7 6695, 6700, or 6701;
- 8 v. Engaging in activity subject to penalty under I.R.C. § 6701, including
9 preparing or assisting in the preparation of a document related to a
10 matter material to the internal revenue laws that includes a position
11 that she knows would result in an understatement of another person’s
12 tax liability;
- 13 vi. Engaging in any other conduct that is subject to penalty under the
14 Internal Revenue Code or that interferes with the proper
15 administration and enforcement of the internal revenue laws; and
- 16 vii. Obtaining, using, or retaining any other person’s Social Security
17 number or other federal tax identification number of federal tax return
18 information in any way for any purpose without that person’s express
19 written consent.

1 F. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter
2 an order requiring Ms. Lang to provide undersigned counsel for the United States a
3 list of all of Ms. Lang’s principals, officers, managers, employees, and independent
4 contractors for Ms. Lang individually or through “L&T Works,” “Lang Works,
5 LLC,” or through any other entity with which Ms. Lang was involved that engaged
6 in any form of tax advising or preparation within thirty days of the Court’s order;

7 G. That the Court retain jurisdiction over Ms. Lang and over this action
8 to enforce any injunction entered against her;

9 H. That the United States be entitled to conduct discovery to monitor Ms.
10 Lang’s compliance with the terms of any injunction entered against her; and

11 //
12 //
13 //
14 //
15 //
16 //
17 //
18 //

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

I. Such other and further relief, including costs, as is just and reasonable.

Dated: March 6, 2018

RICHARD E. ZUCKERMAN
Principal Deputy Assistant Attorney General

JONATHAN M. HAUCK
Trial Attorney, Tax Division

By: /s/ Jonathan. M Hauck
JONATHAN M. HAUCK
Trial Attorney, Tax Division
U.S. Department of Justice
P.O. Box 683
Washington, D.C. 20044
202-616-3173 (v)
202-307-0054 (f)
jonathan.m.hauck@usdoj.gov

Of Counsel:
ADAM L. BRAVERMAN
United States Attorney

Counsel for the United States