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10 IN THE UNITED STATES DISTRICT COURT
11 FOR THE DISTRICT OF IDAHO

12 UNITED STATES OF AMERICA,

13 Plaintiff,

14 v.

15 JONATHAN PEIRSOL,

16 Defendant.

Case No. C18-0275

**COMPLAINT FOR PERMANENT
INJUNCTION**

17
18 The United States of America, Plaintiff, for its Complaint for permanent
19 injunction and other relief against Jonathan Peirsol, alleges:

20 Complaint for Permanent Injunction
Case No. C18-0275

U.S. DEPARTMENT OF JUSTICE
Tax Division, Western Region
P.O. Box 683
Washington, D.C. 20044
Telephone: 202-616-3395

NATURE OF THE ACTION

1
2 1. In this civil action, the United States seeks to permanently enjoin defendant
3 Jonathan Peirsol from doing any of the following:

- 4 • Preparing federal income tax returns, amended returns, and other
5 related documents and forms for any person or entity other than
6 themselves or their lawful spouses;
- 7 • Directing or assisting in the preparation or filing of federal income tax
8 returns for any person or entity other than themselves or their lawful
9 spouses;
- 10 • Engaging in any action that is subject to penalty under 26 U.S.C. §§ 6694,
11 6695, 6700, 6701, or any criminal conduct prohibited by Title 26 of the
12 United States Code;
- 13 • Engaging in any other conduct that substantially interferes with the
14 proper administration of the federal internal revenue laws; and
- 15 • Promoting any false tax scheme.

16
17 **JURISDICTION, AUTHORIZATION, AND VENUE**

- 18 1. The Court has jurisdiction over this action pursuant to 28 U.S.C. §§
19 1340 and 1345, and 26 U.S.C. § 7402.
- 20 2. Venue is proper in the District of Idaho pursuant to 28 U.S.C. §
21 1391(b)(1) because a substantial part of the events or omissions giving
22 rise to the claim occurred in the District of Idaho.

DEFENDANTS' ACTIVITIES

3. Jonathan Peirsol's permanent home is in Pocatello Idaho.
4. Jonathan Peirsol is a tax return preparer, preparing and filing tax returns under the name JJ Accounting Inc. Mr. Peirsol has been preparing tax returns as a paid preparer since about 2007.
5. In 2009, 2010, 2011, and 2012, Mr. Peirsol prepared at least 1100 individual income tax returns for customers who paid him for his services.
6. During that period, Mr. Peirsol prepared false income tax returns by adding false itemized deductions to Schedule A without the knowledge or consent of his customers.
7. The most common fraudulent expense was medical expenses, often thousands of dollars' worth, and generally an amount equivalent to 25% of the customer's reported income.
8. A number of Mr. Peirsol's customers were interviewed about those expenses; all interviewed customers said that the expense was false and that they had had no discussions with Mr. Peirsol about medical expenses, and had not provided him with any documentation regarding such expenses.
9. Mr. Peirsol also added false education expenses to many income tax returns without the knowledge or consent of his customers.

1 10. For some of the tax returns Mr. Peirsol prepared on behalf of others,
2 Mr. Peirsol diverted a portion of the refund into a bank account he
3 controlled, without the knowledge or consent of the customer.

4 11. Mr. Peirsol also failed to report any of the fees he collected for
5 preparing income tax returns for customers in 2009, 2010, 2011, and
6 2012.

7 12. As an example of Mr. Peirsol's conduct, on March 19, 2012, Mr.
8 Peirsol prepared and filed a 2011 tax return for "G.K.", one of his
9 customers. That return included a claim for a fraudulent refund of
10 \$6,305 based on a false education credit of \$2,186, which Mr. Peirsol
11 added to the return without G.K.'s knowledge. Mr. Peirsol also
12 directed \$2,186 of the refund from this return be deposited to a bank
13 account that Mr. Peirsol controlled, without the authorization or
14 knowledge of G.K.

15 13. On January 17, 2017, Jonathan Peirsol signed a plea agreement in
16 which he admitted to the facts set forth in ¶¶ 4–12 of this complaint,¹
17 and pleaded guilty to a single count of aiding and abetting the
18 preparation of a false income tax return under 26 U.S.C. § 7206(2).

19 ¹ The United States did slightly modify the wording of those facts in this Complaint,
20 as compared to the plea agreement. The re-wording does not affect the substance;
all alterations were made to improve readability.

1 *See U.S. v. Peirsol*, Case no. 1:17-cr-0019-BLW, Dkt. No. 2 (D. Id. Jan.
2 25, 2017). As a part of his plea, Mr. Peirsol consented to the entry of a
3 permanent injunction barring him from preparing income tax returns
4 for any individual or entity other than himself. (*Id.* at 5.)

5 14. On April 6, 2017, the Court formally accepted Mr. Peirsol's guilty
6 plea. *Id.*, Dkt. No. 16. On May 11, 2017, the Court sentenced Mr.
7 Peirsol to a term of imprisonment of twelve months and one day, with
8 a year of supervised release, as well as restitution. *Id.*, Dkt. No. 25.

9 **COUNT I: INJUNCTION UNDER 7402**

10 15. 26 U.S.C. § 7402(a) authorizes a district court to issue injunctions as
11 may be necessary or appropriate for the enforcement of the internal
12 revenue laws, even if the United States has other remedies available
13 for enforcing those laws.

14 16. Mr. Peirsol, through the actions described above, has engaged in
15 conduct that interferes substantially with the administration and
16 enforcement of the internal revenue laws. Mr. Peirsol has
17 substantially interfered with the enforcement of the internal revenue
18 laws by filing federal tax returns on behalf of his customers that
19 understate the actual tax liability through the use of false and
20 fraudulent medical expenses, and false education credits.

 17. As a result of Mr. Peirsol's misconduct, his customers filed tax returns
 containing materially false statements resulting in the reduction of

1 their tax liabilities, and underpayment of their taxes by thousands of
2 dollars.

3 18. Mr. Peirsol's conduct irreparably harms the United States and the
4 public for which there is no adequate remedy at law.

5 19. Mr. Peirsol's conduct interferes with the proper administration of the
6 Internal Revenue Code because it results in false filings with the IRS
7 that hinder the IRS's ability to determine the correct tax liabilities of
8 Mr. Peirsol's customers.

9 20. As a result of the behavior alleged in this complaint, Mr. Peirsol has
10 caused at least \$62,441 in tax loss.

11 21. Unless enjoined by the Court, Mr. Peirsol may continue to promote
12 and administer his false tax scheme.

13 22. The United States is entitled to injunctive relief under 26 U.S.C. §
14 7402(a) to prevent the recurrence of this misconduct.

15 WHEREFORE, Plaintiff, the United States of America, prays for the following
16 relief:

17 A. That the Court find that Jonathan Peirsol has repeatedly and
18 continually engaged in conduct subject to penalty under 26 U.S.C. §§
19 6694 and 6701.

1 B. That the Court find that Jonathan Peirsol has engaged in fraudulent
2 and deceptive conduct that substantially interferes with the proper
3 administration of the internal revenue laws.

4 C. That the Court find that permanently enjoining Jonathan Peirsol is
5 necessary and appropriate in order to prevent the recurrence of his
6 conduct.

7 D. That the Court, pursuant to 26 U.S.C. § 7402, enter an order against
8 Jonathan Peirsol, permanently enjoining him from directly or
9 indirectly:

- 10 ▪ Preparing federal income tax returns, amended returns, and
11 other related documents and forms for any person or entity
12 other than himself, his lawful spouse, or entities of which he
13 is an officer;
- 14 ▪ Directing or assisting in the preparation or filing of federal
15 income tax returns for any person or entity other than
16 himself, his lawful spouse, other members of his immediate
17 family, or entities of which he is an officer;
- 18 ▪ Engaging in any action that is subject to penalty under 26
19 U.S.C. § 6694, 6695, 6700, 6701, or any criminal conduct
20 prohibited by Title 26 of the United States Code;

- 1 ▪ Engaging in any other conduct that substantially interferes
- 2 with the proper administration of the federal internal
- 3 revenue laws; and
- 4 ▪ Promoting any false tax scheme.

5 E. Peirsol is prohibited from actively owning,² controlling, or managing

6 any business involving tax return preparation and/or the provision of

7 tax advice, or maintaining a professional presence in any office, place

8 of business, dwelling, or other abode, where tax returns are being

9 prepared for a fee or professional tax returns are being provided;

10 F. That the Court enter an order that the United States is permitted to

11 engage in post-judgment discovery to ensure compliance with the

12 permanent injunction;

13 G. That the Court retain jurisdiction to enforce this permanent

14 injunction;

15 H. That the Court grant the United States such other and further relief as

16 may be appropriate under the circumstances.

17 //

18 //

19 ² The term “active ownership” shall not include passive investment activities, for

20 instance owning shares of a hedge fund that itself owns shares of a business that

21 prepares taxes.

1 Respectfully submitted this 18 day of June, 2018.

2 RICHARD E. ZUCKERMAN
Principal Deputy Assistant Attorney General

3 /s/ Dylan Cerling
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