

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION**

CASE NO. 0:17-cv-60246

UNITED STATES OF AMERICA,

Plaintiff,

v.

FRANTZ PETIT-DOS, LUCZOR FERTILIEN,
DAVID JOSEPH, AND ALELUYA
UNIVERSAL ACCOUNTING SERVICES, INC.,

Defendants.

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF

The United States of America complains and alleges as follows:

1. This is a civil action brought by the United States under Internal Revenue Code (26 U.S.C., referred to herein as I.R.C.) §§ 7402, 7407, and 7408 to permanently enjoin Frantz Petit-Dos, Luczor Fertilien, David Joseph (hereinafter the Individual Defendants), Aleluya Universal Accounting Services Inc. (collectively the Defendants), and anyone acting in concert with them, from:

(a) preparing, assisting in the preparation of, or directing the preparation of federal tax returns, amended returns, or other tax-related documents and forms, including any electronically-submitted tax returns or tax-related documents, for others;

(b) using an Electronic Filing Identification Number (EFIN), Employer Identification Number (EIN), Taxpayer Identification Number (TIN), Preparer Tax Identification Number (PTIN), or any other federally issued identification number to file or remit federal income tax returns for others, as prohibited by I.R.C. § 6695;

(c) engaging in activity subject to penalty under I.R.C. §§ 6694, 6695, 6700, or 6701;
and

(d) engaging in conduct that substantially interferes with the proper administration
and enforcement of the tax laws.

This action also seeks, under I.R.C. § 7402, an order requiring the Defendants to disgorge
to the United States the gross receipts they have received since 2011 for the preparation of
federal tax returns making false or fraudulent claims.

Jurisdiction and Venue

2. This action is brought at the direction of the Attorney General of the United States
with the authorization and at the request of the Chief Counsel of the Internal Revenue Service
(IRS), a duly authorized delegate of the Secretary of the Treasury of the United States.

3. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1340 and
1345 and I.R.C. § 7402(a).

4. Venue is proper in this Court under 28 U.S.C. § 1391(b)(1) because each of the
Individual Defendants resides within this district and prepares tax returns within this district,
Defendant Aleluya has its principal place of business within the district, and a substantial portion
of the events giving rise to this action occurred within this district.

Summary of the Defendants' Activities

Frantz Petit-Dos

5. Petit-Dos resides in Fort Lauderdale, Florida and prepares federal income tax
returns in Lauderhill, Florida. He has an Associate's Degree in Science from Keiser College and
a Bachelor's of Science in Business Administration from American InterContinental University.
He has no formal training or certifications in the fields of tax or accounting.

6. Petit-Dos prepares federal tax returns for others and is a paid tax return preparer as defined by I.R.C. § 7701(a)(36).

7. Petit-Dos began preparing federal income tax returns in 2009 as a subcontractor for Broward Financial Solutions.

8. After two years at Broward Financial Solutions, Petit-Dos joined his brother Wysmy Petit-Dos' tax preparation company, Imperial Financial & Multi Services, Inc. (Imperial Financial) for the 2011 tax return filing season.

9. The IRS began an Earned Income Tax Credit (EITC) Due Diligence investigation of Imperial Financial in November 2011. The EITC is a benefit for working people with low to moderate income. The credit is applied against a reported tax on a dollar-for-dollar basis but is refundable, meaning the taxpayer can claim a refund for the credit even if the taxpayer reports no tax owed. Unscrupulous return preparers abuse the EITC by manipulating taxpayers' earned income (often by inflating income from wages and/or through the use of a fraudulent Schedule C – Profit or Loss from Business) to maximize the amount of the credit a taxpayer claims.

10. In the course of its Due Diligence investigation, the IRS found that while Petit-Dos was at Imperial Financial in 2011, he used his brother's PTIN on more than 100 returns he personally prepared, despite having a PTIN of his own. A PTIN is a number issued by the IRS to individual paid tax return preparers to be used as their individual identification number on all tax returns they prepare for others.

11. As part of its EITC Due Diligence investigation, the IRS reviewed returns prepared at Imperial Financial in 2011, including those prepared by Petit-Dos. Based on the facts determined by the IRS' Due Diligence investigation, in or around January 2012, Petit-Dos

was assessed two penalties: (1) a penalty of \$5,050, under I.R.C. § 6695(c), for failing to properly identify himself on 101 returns he prepared, and (2) a penalty of \$10,100 under I.R.C. § 6695(g) for failing to exercise due diligence to determine customers' eligibility to claim the EITC on 101 returns he prepared.

12. Preparers at Imperial Financial also routinely abused the Fuel Tax Credit on behalf of their customers. The IRS estimates erroneous Fuel Tax Credits claimed on the returns Imperial Financial prepared in 2011 alone exceed \$2,000,000.

13. In June 2011, after the 2011 tax return filing season, but before the IRS began its Due Diligence investigation of Imperial Financial that fall, Petit-Dos and Defendant Luczor Fertilien formed Imperial Taxation and Multi Services Corporation (Imperial Taxation). Petit-Dos and Fertilien were the sole owners and officers of Imperial Taxation.

14. As many as 14 paid preparers worked at Imperial Taxation during tax filing seasons. The business was located at 7537 West Oakland Park Boulevard, Lauderdale, Florida. It provided preparers a place to meet customers, use computers and tax preparation software, and access an EFIN and bank accounts to improperly deduct fees from taxpayer refunds.

15. The IRS began investigating Imperial Taxation in March 2013 after a customer reported that a return prepared for him included credits that were falsified to increase the preparer's fee. The customer stated that his return included a claim for the Fuel Tax Credit he was not entitled to, and a claim for the American Opportunity Credit that had been properly claimed by his parents, who still claimed him as a dependent.

16. The IRS' investigation showed that 99% of the returns prepared at Imperial Taxation during the 2013 tax return filing season requested refunds. In addition, 99% of the returns also claimed Fuel Tax Credits the taxpayer was not entitled to claim and whose

ineligibility was obvious from the occupations indicated on the return. Abuse of the Fuel Tax Credit is particularly blatant because eligibility for the credit is very simple to determine. For the general public, the Fuel Tax Credit is available only to taxpayers who use biodiesel, renewable diesel or alternative fuels for certain prescribed purposes. It is also available to taxpayers who purchased fuel for farming purposes, commercial fishing, off-highway business use, in foreign trade, or fuel that is exported. If a taxpayer does not use these types of fuel or is not engaged in one of these businesses, he or she is not eligible for the Fuel Tax Credit. When a rule as simple as this is violated as frequently as the defendants have, it is almost certainly intentional.

17. In addition to claiming improper fuel tax credits, the IRS determined that returns prepared at Imperial Taxation during 2013 included a Schedule C – Profit or Loss from Business – for taxpayers who neither owned nor operated a business. In an interview with IRS Revenue Agent Jerry Arrington and Group Manager Don MacLennan on March 18, 2014, Petit-Dos stated that he personally reviewed and electronically filed each return prepared at Imperial Taxation in 2012 and 2013, whether he or someone else actually prepared the return. All of the returns were filed using the EFIN assigned to Petit-Dos.

18. The IRS found that for the 2013 tax return filing season alone, 641 tax refunds were deposited directly into Imperial Taxation bank accounts. Both Petit-Dos and Fertilien had signature authority over the Imperial Taxation bank accounts that were used to improperly negotiate tax refund checks for customers by diverting a portion of customers' tax refund to a company bank account using Form 8888, which is prohibited by the IRS. The instructions for Form 8888 specifically forbid using the form to direct deposit refunds into a preparer's account. These instructions are supported by the Internal Revenue Code, which penalizes any "tax return preparer who endorses or otherwise negotiates" checks issued to taxpayers. I.R.C. § 6695(f).

19. After the 2013 tax return filing season, the IRS notified Petit-Dos of its intention to suspend his EFIN if he did not pay the penalties assessed against him in 2012, following the IRS' Due Diligence investigation of Imperial Financial. Rather than pay the penalties, Petit-Dos allowed his EFIN to be suspended.

20. Shortly after his EFIN was suspended, Petit-Dos filed Articles of Dissolution on behalf of Imperial Taxation on June 17, 2013.

21. On June 5, 2013, Defendant David Joseph, a former tax preparer at Imperial Taxation, incorporated Aleluya Universal Accounting Services Inc. (Aleluya) and listed Petit-Dos as an officer. Aleluya operates in the same office previously occupied by the defunct Imperial Taxation at 7537 West Oakland Park Boulevard, Lauderhill, Florida.

22. Despite the revocation of his EFIN, Petit-Dos continued to file fraudulent federal tax returns at Aleluya.

23. When he was interviewed by Revenue Agent Arrington on March 18, 2014, Petit-Dos initially claimed he was out of the tax business, before admitting he worked as a subcontractor for Aleluya. His true role was clarified by Joseph, who stated in an interview with Agent Arrington on March 25, 2015 that Petit-Dos was Aleluya's full-time manager in 2014 and 2015. As Aleluya's manager, Petit-Dos reviewed and electronically filed all returns prepared by preparers other than Joseph.

Luczor Fertilien

24. Fertilien resides in Margate, Florida and prepares federal income tax returns in Lauderhill, Florida. He has a Bachelor's degree in Business Administration from Keiser University.

25. Fertilien has no formal training or certifications as a tax return preparer. He began preparing federal income tax returns while in high school in the late 1990s.

26. Fertilien prepares federal tax returns for others and is a paid tax return preparer as defined by I.R.C. § 7701(a)(36).

27. The IRS' investigation revealed that Fertilien personally prepares, and uses subcontractors to prepare, false returns for customers. Fertilien was an officer and shareholder of Imperial Taxation when it was dissolved in 2013 and personally prepared returns for its customers. Fertilien was not employed by Imperial Taxation (he was employed full-time at an employment agency), but prepared returns at its office outside of normal business hours.

28. In an interview with Revenue Agent Arrington on March 19, 2014, Fertilien stated that he advises customers that the Fuel Tax Credit is available to anyone who brings in receipts showing they purchased gasoline for their vehicles. In fact, the Fuel Tax Credit is limited to certain types of fuels that are used for certain types of activities. It is not available to any taxpayer who purchases gasoline for use in a personal vehicle.

29. Fertilien used the PTIN assigned to him in 2012 to identify himself as the paid preparer on returns he prepared that year. In 2013 and 2014, however, Fertilien used a PTIN assigned to another individual to conceal his identity as a paid preparer. Use of a false PTIN is one way unscrupulous tax return preparers, or those under IRS investigation, hide their identity from the IRS.

30. As an owner and officer of Imperial Taxation, Fertilien personally prepared tax returns for customers and shared in the profits the business generated by preparing returns that understated its customers' tax liabilities and overstated the refunds these customers were entitled to receive.

31. Along with Petit-Dos, Fertilien controlled two bank accounts in the name of Imperial Taxation that were used to improperly negotiate 641 tax refund checks for customers during the 2013 tax return filing season.

32. Fertilien is also an officer of Defendant Aleluya. In his interview with Revenue Agent Arrington, Fertilien claimed to have no role in the ownership or management of Aleluya, but Aleluya's Articles of Incorporation name him as an officer. Further, Fertilien obtained an EFIN in the name of the corporation, and used it to electronically file customer returns. On his EFIN application, Fertilien identified himself as President of Aleluya.

David Joseph

33. Joseph resides and prepares federal income tax returns in Lauderhill, Florida. He also holds a full-time job at a local blood bank.

34. Joseph prepares federal tax returns for others and is a paid tax return preparer as defined by I.R.C. § 7701(a)(36).

35. Joseph began preparing federal income tax returns in 2011 at Imperial Financial after becoming acquainted with Petit-Dos' brother, Wysmy Petit-Dos. He trained for the position by completing a Jackson Hewitt individual income tax course in 2010, which is his only formal education in preparing tax returns.

36. Like Defendant Petit-Dos, Joseph was penalized as part of the IRS' Due Diligence investigation of Imperial Financial. The IRS found that Joseph failed to exercise due diligence on 47 of the 49 examined tax returns he prepared that claimed the EITC and fined him for the violations.

37. For the 2012 and 2013 tax seasons, Joseph joined Petit-Dos and Fertilien at Imperial Taxation. When that business closed in 2013, Joseph opened his own business – Aleluya – in the same location.

38. The IRS began investigating Joseph as part of its investigation of Imperial Taxation. The investigation was expanded to include returns prepared by Aleluya and found that through January 31, 2016, Joseph personally prepared 906 federal income tax returns during the 2011-2016 filing seasons using his assigned PTIN. All but seven of those returns claimed a refund.

39. The investigation found that Joseph and the preparers he employs at Aleluya prepare returns for customers that fabricate business profits or losses, and falsify itemized deductions, exemptions, filing status, and credits, including child and dependent care credits, education credits, EITC and Fuel Tax Credits.

40. More than 650 returns were filed using Joseph's PTIN from 2012-2014, of which more than 99% requested a refund, and 60% claimed the EITC.

41. Joseph also charges his customers as much as \$999 for preparing their income tax returns, which he collects by diverting portions of the refunds directly to bank accounts of his tax preparation businesses using IRS Form 8888.

Aleluya Universal Accounting Services, Inc.

42. David Joseph incorporated Aleluya Universal Accounting Services Inc. on June 5, 2013. The incorporation of Aleluya coincided with the filing of Articles of Dissolution for Imperial Taxation by Petit-Dos on June 17, 2013.

43. Each of the Individual Defendants is an officer of Aleluya, and their actions since they joined Aleluya for the 2014 tax return filing season are attributable to Aleluya.

44. Aleluya is located at 7537 West Oakland Park Boulevard, Lauderhill, Florida, the same office previously used by Imperial Taxation.

45. Although Imperial Taxation was dissolved in 2013, nothing at its business premises have changed other than the name and exterior sign. Aleluya uses the same phone and fax numbers, the same staff, and its officers make no attempt to distinguish it from Imperial Taxation. In fact, the business card Petit-Dos presented to Revenue Agent Arrington, who interviewed him nine months after Imperial Taxation was dissolved, identified him as an officer of Imperial Taxation.

46. During 2014 and 2015 as many as 12 people prepared returns under Aleluya's moniker. Each preparer is treated as a subcontractor and is responsible for recruiting customers. The preparers pay Aleluya 30% of their fees in exchange for using the office space, tax preparation software, and an EFIN to submit returns electronically.

47. Like the returns prepared at Imperial Taxation, those prepared at Aleluya continue to fabricate business income and losses to maximize customers' EITC amounts, abuse the Fuel Tax Credit, and unlawfully deposit portions of customers' refunds directly into Aleluya's bank accounts.

48. The preparers at Aleluya e-file returns and designate Aleluya's accounts or their personal accounts for direct deposit of the refunds using IRS Form 8888. In 2014 alone, Joseph and other preparers improperly sent 268 customer refunds to a Chase bank account they controlled.

Summary of Fraudulent Schemes the Defendants Collectively Employ

49. An IRS investigation revealed that many of the Defendants' customers are from Haiti and are entirely uninformed about tax laws in the United States. As a result, they trust the

Defendants to advise them about tax matters and prepare their returns. The Defendants take advantage of their customers' lack of familiarity with tax laws by preparing false returns in the customers' names and charging outrageous fees. Many customers interviewed during the investigation stated they did not know what was reported on their returns or what income and deductions they were required to report.

50. The Defendants charge their customers as much as \$999 for preparing their income tax returns, which they collect using bank products or by directing portions of the refunds claimed electronically to their own bank accounts using IRS Form 8888. The investigation revealed that customers are often confused about the amounts they were charged or completely unaware how much of their refund the Defendants kept as their fee.

51. The Individual Defendants have created and maintained a business environment at Aleluya, and previously at Imperial Taxation, that enables the preparation of false and fraudulent federal income tax returns to generate bogus refunds and charge exorbitant fees, thereby maximizing profits. By doing so, the Individual Defendants are able to acquire the ill-gotten gains of fraudulent tax preparation at the expense of their customers and the United States Treasury.

52. The Individual Defendants, through their businesses Imperial Taxation and Aleluya, use a number of different schemes to produce large refunds in order to generate higher fees. To that end, they routinely fabricate business income and expenses, child and dependent care credits, education credits, EITC, and Fuel Tax Credits on customers' returns.

53. The Individual Defendants, through their businesses, have repeatedly and continually claimed the EITC improperly on customers' tax returns to generate large and erroneous refunds for them. As explained above, the EITC is a refundable credit available to

certain low income taxpayers that depends upon the taxpayer's income, filing status, and claimed dependents.

54. A taxpayer can claim a larger EITC by claiming multiple dependents and, for certain income ranges, taxpayers with higher annual incomes are entitled to a larger credit than those with lower incomes. The amount of the credit increases as income increases from \$1 to the annual ceiling set by the IRS and decreases as income increases beyond the ceiling. This range of income corresponding to a maximum EITC is sometimes referred to as the "sweet spot." To bring the taxpayer's reported earned income within the sweet spot for the EITC, unscrupulous preparers, including the Individual Defendants, inflate or fabricate personal or business income or expenses reportable on a Form Schedule C – Profit or Loss from Business. While fabricating an increase in personal or business income would normally result in an increase in taxable income as well, the tax benefit in the form of a refundable EITC offsets the potential tax liability, thereby increasing the customer's refund.

55. Another way the Defendants manipulate their customers' income to put them within the EITC sweet spot is by manufacturing household help income, known as HSH income, in amounts and from sources that are not required to withhold and pay employment taxes or furnish a Form W-2 or 1099. HSH income includes wages that taxpayers earn for jobs such as housekeeping, babysitting, gardening, and other services for an employer that do not constitute work as an independent contractor. The Individual Defendants, through their businesses, routinely report false HSH and/or business income on their customers' tax returns. An audit of 123 returns prepared by the Defendants from 2012 to 2014 showed that more than 75% of the returns overstated the customer's earned income. This is a hallmark of EITC abuse because,

despite having to report a higher tax on the overstated amount, the inflated EITC produces a net gain for the taxpayer in the form of a fraudulent refund.

56. In addition to fraudulent EITC claims, the Individual Defendants, through their businesses, routinely claim Fuel Tax Credits for customers who are ineligible for the credit. In 2012, preparers at Imperial Taxation claimed Fuel Tax Credits on 99% of the 4,151 returns prepared. In total, Imperial Taxation claimed \$2,938,516 in fuel tax credits on tax returns filed in 2012 and 2013.

57. The Individual Defendants, through their businesses, also routinely misrepresent customers' filing status to reduce their income tax liabilities. The Head of Household filing status entitles a taxpayer to a higher standard deduction and wider tax bracket (lower tax rates) than single taxpayers, or married taxpayers who do not file joint returns. The Defendants also abuse the American Opportunity Credit and the Additional Child Tax Credit. The American Opportunity Credit is available to qualified taxpayers pursuing a college degree or other recognized educational credential. Eligible educational institutions file a Form 1098-T for each student they enroll. The IRS can discover a fraudulent American Opportunity Credit if no Form 1098-T is filed for the taxpayer, or by interviewing the taxpayer and asking whether he or she attended college.

58. The Additional Child Tax Credit is a refundable credit available to taxpayers with earned income greater than \$3,000 whose Child Tax Credit is greater than the amount of federal income tax owed. A maximum of \$1,000 credit per child is permitted. The Individual Defendants or their businesses filed returns claiming the Additional Child Tax Credit for customers who were either ineligible to claim the credit or overstated the amount the customer was entitled to claim.

Examples of the Defendants' Fraudulent Tax Preparation

59. The returns described below demonstrate the schemes employed by the Defendants on hundreds of returns they prepared. Although many customers told IRS agents that their 2013 tax returns were prepared in 2014 at Imperial Taxation, the EFINs reflect that the 2013 returns were in fact prepared at Aleluya. However, because Aleluya did not change their signs or promotional materials until after the 2014 filing season, customers may have been confused regarding the name of the business. To protect their identities, these taxpayers are identified by number (*e.g.*, Customer 1, etc.). A key identifying these customers by full name and social security number will be served contemporaneously with the complaint.

Customer 1

60. In 2012 and 2013, Customer 1 worked as a cosmetologist at a hair salon. She met Petit-Dos when he solicited her business by distributing business cards at the salon. Petit-Dos prepared Customer 1's 2012 tax return at Imperial Taxation and her 2013 tax return at Aleluya.

61. Copies of the 2012 and 2013 returns Petit-Dos provided to Customer 1 do not match the returns he filed with the IRS in all material categories: wages, income, deductions, credits, etc. The end result is that the returns Petit-Dos filed with the IRS show \$16,656 in total refunds for the two years, while those he provided to Customer 1 show \$15,866 in total refunds. Additionally, the 2012 return Petit-Dos provided to Customer 1 includes a Schedule C, while the return filed with IRS does not.

62. On the 2012 return, Petit-Dos inflated Customer 1's income by \$12,440, and reported her entire income as wages. In fact, her income in 2012 was earned as a self-employed cosmetologist, and therefore should have been reported as business income on a Schedule C.

63. Similarly, in 2013, Petit-Dos inflated Customer 1's income by \$7,393. He reported her entire income as wages, but in fact only a portion of her 2013 income was attributable to wages. Most of her income should have been reported as business income on a Schedule C.

64. After inflating Customer 1's income, Petit-Dos claimed the EITC on her behalf, in the amounts of \$5,236 in 2012 and \$5,372 in 2013. The IRS disallowed these amounts, finding Customer 1's EITC should have been much lower – \$1,650 in 2012, and \$3,630 in 2013.

65. Customer 1 did not attend school in 2012 or 2013 and did not tell Petit-Dos she was a student. Nevertheless, Petit-Dos claimed American Opportunity Credits of \$1,000 on both her 2012 and 2013 returns. Customer 1 was unaware Petit-Dos claimed these credits, which the IRS disallowed.

66. Petit-Dos claimed the Additional Child Tax Credit for Customer 1 in both 2012 and 2013 in amounts larger than she was entitled to claim. Customer 1 has two children, and Petit-Dos claimed the maximum \$2,000 each year. The IRS disallowed these amounts, finding that, because of the reduction in her taxable income, she was eligible for only a \$172 Additional Child Tax Credit in 2012 and a \$910 credit in 2013.

67. In addition, Petit-Dos fraudulently used PTINs of other preparers to file Customer 1's tax returns. Customer 1 stated in an affidavit that Petit-Dos prepared her tax returns in 2012 and 2013. On the 2012 returns filed with the IRS, the PTIN identifies David Guerson as the preparer, while the PTIN on the 2013 return identifies Marieschela Merabe Petit-Dos as the preparer.

68. Customer 1 paid Petit-Dos \$736 to prepare her 2012 tax return, and \$920 to prepare her 2013 return. On Customer 1's 2012 return, Petit-Dos directed the IRS to deposit the

\$736 into Imperial Taxation's Wells Fargo bank account, in direct violation of the instructions on IRS Form 8888.

Customer 2

69. Joseph prepared Customer 2's 2012 tax return at Imperial Taxation and her 2013 tax return at Aleluya.

70. Customer 2 worked primarily as a home healthcare nurse in 2012 and earned \$500 in cash per week, for an annual income of \$26,000, which she reported to Joseph. During the IRS audit, Customer 2 learned Joseph reported only \$3,500 in business income. Joseph also claimed \$1,200 in travel expenses she did not incur. In addition to her work as a home healthcare nurse, Customer 2 was employed by Infinity Sales Group, where she earned \$3,116 in 2012. Joseph, however, reported \$10,567 in wages, overstating them by \$7,451.

71. In 2013, Customer 2 became ill and earned only \$1,000 as a nurse. While Joseph properly reported this amount on her Schedule C, he fabricated \$622 in business expenses. In addition, Joseph reported \$4,985 in wages on Customer 2's 2013 tax return that she did not earn. Customer 2 did not tell Joseph she had earned these wages.

72. By manipulating Customer 2's wage income, Joseph claimed the EITC on her 2012 and 2013 returns in amounts she was not eligible to receive. The IRS reduced Joseph's 2012 EITC claim on her behalf from \$3,169 to \$1,541, and disallowed it entirely in 2013.

73. Joseph overstated Customer 2's American Opportunity Credit in 2012 and entirely fabricated it in 2013. For both years, Joseph claimed a \$1,000 credit. In 2012, the IRS reduced that amount by \$153 and in 2013 disallowed it entirely.

74. Joseph falsely advised Customer 2 that she was eligible for Fuel Tax Credits of \$1,075 in 2012 and \$725 in 2013 because she was self-employed and drove to work. The IRS disallowed both claims.

75. On both returns, Joseph used IRS Form 8888 to direct the IRS to deposit portions of Customer 2's refund into the businesses' bank accounts. On the 2012 return, he claimed a \$5,003 refund for her, and had \$399 deposited into Imperial Taxation's TD Bank account. On the 2013 return, Joseph claimed a \$2,136 refund, and had \$499 of it deposited into Aleluya's Chase Bank account.

Customer 3

76. Joseph prepared Customer 3's 2012 tax return at Imperial Taxation and her 2013 tax return at Aleluya. Almost every aspect of these tax returns was false.

77. Customer 3 gave Joseph no information about her income other than to tell him she "did hair." Solely with that information, Joseph filed Schedule Cs on her behalf in both 2012 and 2013. The 2012 Schedule C reported income of \$6,985 and business expenses of \$1,954. The 2013 Schedule C reported income of \$4,100 and business expenses of \$1,506. The amounts were wholly fabricated in order to claim the EITC, which the IRS disallowed entirely.

78. Joseph also reported false wages of \$12,036 in 2012 and \$11,140 in 2013. Customer 3 did not earn these wages and did not tell Joseph she had. The IRS disregarded these wages as a ruse to claim the EITC.

79. All of the refundable credits Joseph claimed on Customer 3's behalf were false. On her 2012 return, Joseph claimed an EITC of \$5,891 and a \$2,057 Additional Child Tax Credit. On her 2013 return, Joseph claimed \$6,044 for the EITC, \$1,583 for the Additional

Child Tax Credit, \$1,000 for the American Opportunity Credit, and a \$732 Fuel Tax Credit. All of these claims were false and the IRS disallowed them.

80. Finally, Joseph falsely claimed Head of Household status for Customer 3 in both 2012 and 2013. The IRS reclassified her status to Single, and recalculated her tax liabilities based on that correct filing status.

Customer 4

81. Joseph prepared Customer 4's 2012 tax return at Imperial Taxation and her 2013 tax return at Aleluya.

82. On both the 2012 and 2013 tax returns, Joseph fabricated more than \$11,000 in income without Customer 4's knowledge or consent. In 2012, the entire \$11,023 in wages Joseph reported was false, and disregarded by the IRS. In 2013, Joseph reported \$14,852 in wage income for Customer 4, while her actual wages were actually \$3,764.

83. Joseph's fraud was not limited to fabricating Customer 4's wages. With the 2012 tax return, Joseph also filed a false Schedule C, reporting business income of \$4,598 and expenses of \$1,816 from a hair dressing business. In truth, Customer 4 had no business income in 2012, and the IRS disregarded the profit from hair dressing reported on the Schedule C.

84. Almost all of the refundable credits Joseph reported on Customer 4's tax returns were false as well. Joseph claimed the Fuel Tax Credit on her 2012 and 2013 tax returns and misinformed Customer 4 that she qualified for the credit simply because she owned a car. The IRS disallowed the Fuel Tax Credits Joseph claimed on her tax returns, in the amounts of \$1,095 and \$771 in 2012 and 2013, respectively.

85. Based on the fabricated income described above, Joseph claimed an EITC of \$5,236 on Customer 4's 2012 return. Joseph also falsely claimed the Additional Child Tax Credit in the amount of \$1,591 in 2012. Both claims were disallowed by the IRS.

86. On Customer 4's 2013 tax return, based on the inflated income discussed above, Joseph claimed an EITC of \$5,372. The IRS determined this amount was overstated by \$3,862, and reduced her EITC to \$1,510. Joseph also intentionally overstated her Additional Child Tax Credit, claiming \$1,778 when in fact she was entitled to only \$115.

87. In 2013, Joseph claimed the \$1,000 American Opportunity Credit for Customer 4. She was not a student, however, and the IRS disallowed the entire \$1,000 claim.

88. Joseph falsely claimed Head of Household status for Customer 4 in both 2012 and 2013. The IRS reclassified her status to Single, and recalculated her tax liability accordingly.

89. Joseph charged Customer 4 \$580 to prepare her 2012 return and \$499 to prepare her 2013 return. He directed the IRS to deposit the 2013 funds directly into Aleluya's Chase Bank account, in violation of the instructions on IRS Form 8888.

Customer 5

90. Petit-Dos prepared Customer 5's 2012 tax return at Imperial Taxation and her 2013 tax return at Aleluya. In 2012, Petit-Dos filed both an electronic and a paper return for Customer 5, which were internally inconsistent. The figures discussed below are based on the IRS' audit of the paper return.

91. Customer 5 works as a nurse's aide, and provided Petit-Dos with her W-2s and paystubs. Without Customer 5's knowledge or consent, Petit-Dos filed fictitious Schedule Cs with her 2012 and 2013 tax returns. Customer 5 recalled mentioning to Petit-Dos that she cleaned houses in 2013, but provided him with no documentation or estimation of income or

expenses. Nonetheless, Petit-Dos falsely reported \$8,597 in business income from housekeeping in 2012, and \$5,895 in 2013, all of which the IRS disregarded.

92. Petit-Dos inflated Customer 5's wage income by \$8,862 in 2013, which the IRS also disregarded.

93. After manipulating her wages and profit from business income, Petit-Dos falsely claimed EITCs of \$5,236 on Customer 5's 2012 tax return, and \$5,372 on her 2013 return. The IRS disallowed the entire credit in 2012 and reduced the credit by \$4,822 to \$550 in 2013.

94. Petit-Dos overstated or fabricated other refundable tax credits on Customer 5's returns as well. On her 2012 return, Petit-Dos claimed \$1,947 for the Additional Child Tax Credit. The IRS reduced this credit to \$749. The IRS also disallowed Customer 5's Additional Child Tax Credit of \$1,908 and her American Opportunity Credit of \$201 for 2013.

95. Petit-Dos falsely claimed Head of Household status for Customer 5 in both 2012 and 2013. The IRS reclassified her status as Married Separate in 2012 and Single in 2013, and recalculated her tax liability accordingly.

Customer 6

96. Joseph prepared Customer 6's 2012 tax return at Imperial Taxation and her 2013 tax return at Aleluya.

97. Customer 6 worked as a teacher's aide in both 2012 and 2013, and worked a second job cleaning homes in 2013. She provided Joseph with W-2s showing \$8,143 in income in 2012 and \$12,271 in 2013. Without Customer 6's knowledge or consent, Joseph overstated her income from wages by \$8,410 in 2012 and \$3,952 in 2013.

98. After manipulating her income, Joseph falsely claimed EITCs of \$5,891 on Customer 6's 2012 return and \$6,044 on her 2013 return. The IRS disallowed these credits entirely.

99. Joseph overstated or fabricated other refundable tax credits on Customer 6's returns as well. On both the 2012 and 2013 returns, Joseph claimed the Additional Child Tax Credit and the American Opportunity Credit. The IRS entirely disallowed the claimed American Opportunity Credit of \$1,000 for both years. In 2012, the entire Additional Child Tax Credit of \$2,033 was disallowed. In 2013, Joseph claimed a \$1,983 Additional Child Tax Credit, which the IRS reduced to \$1,391.

100. Joseph falsely claimed Head of Household status for Customer 6 in both 2012 and 2013. For both years, the IRS reclassified her status to Single, and recalculated her tax liability accordingly.

101. For both years, Joseph directed the IRS to deposit his fee into the businesses' bank accounts, in violation of the instructions on IRS Form 8888. In 2012, he claimed a \$8,955 refund for Customer 6, and had \$499 of that deposited into Imperial Taxation's TD Bank account. In 2013, he claimed a \$9,485 refund and had \$499 of it deposited into Aleluya's Chase Bank account.

Customer 7

102. Petit-Dos prepared Customer 7's 2012 tax return at Imperial Taxation and her 2013 and 2015 returns at Aleluya. Marieschela Merabe Petit-Dos is identified as the preparer on her 2013 tax return, which was filed through Aleluya. Customer 7 learned about Imperial Taxation at her children's school from a person soliciting customers for that business.

103. Petit-Dos and Marieschela Merabe Petit-Dos overstated Customer 7's wage income by \$10,967 in 2012 and \$7,516 in 2013. By manipulating her income, they claimed the EITC on her 2012 and 2013 returns in amounts she was not entitled to receive. In 2012, Petit-Dos claimed an EITC of \$5,236, which the IRS reduced to \$3,140. In 2013, Customer 7's return claimed a \$5,372 EITC, which the IRS reduced to \$3,790. In 2015, Petit-Dos again claimed the maximum EITC on Customer 7's tax return. This suggests he has continued to manipulate customers' income to maximize the amount of EITC they are able to claim.

104. Petit-Dos and Marieschela Merabe Petit-Dos also overstated Customer 7's Additional Child Tax Credit, claiming \$2,000 in both 2012 and 2013. The IRS reduced these amounts to \$423 in 2012 and \$973 in 2013. In 2015, Petit-Dos claimed an Additional Child Tax Credit of \$1,951, which, again, is almost the maximum allowable for a taxpayer with two dependent children.

105. Without Customer 7's knowledge, Petit-Dos and Marieschela Merabe Petit-Dos also claimed the American Opportunity Credit on her behalf. She did not attend school in 2012 or 2013 and was unaware that the preparers claimed a \$1,000 credit on her behalf in both years. The IRS disallowed these credits.

106. In 2013, Customer 7's return claimed a \$364 Fuel Tax Credit for which she was not eligible. Her statements during her interview with IRS Tax Compliance Officer Kim Parker verify that other preparers at Aleluya tell customers that the Fuel Tax Credit is available to anyone who drives a vehicle to work. The IRS disallowed Customer 7's Fuel Tax Credit.

107. Imperial Taxation and Aleluya falsely claimed Head of Household status for Customer 7 in both 2012 and 2013. The IRS reclassified her filing status as Single, and recalculated her tax liability accordingly.

Customer 8

108. Joseph prepared Customer 8's 2012 tax return at Imperial Taxation and her 2013 tax return at Aleluya. Customer 8 went to Imperial Taxation after being solicited by a man handing out flyers for the business in early 2013.

109. In 2012 and 2013, Customer 8 earned approximately \$300 per week cleaning homes. She speaks very little English and did not keep records of the income and expenses generated through her housecleaning business. She gave Joseph no records and he did not ask how much she earned.

110. In both 2012 and 2013, Joseph reported that Customer 8 earned wages as an employee – in fact, she earned all of her income as a self-employed individual – thereby avoiding self-employment taxes.

111. In addition to mischaracterizing the nature of the income Customer 8 earned, Joseph also understated her self-employment income and vastly overstated her expenses for both years. In 2012, Joseph reported \$5,989 in business income and \$1,622 in advertising, legal and professional services, and supplies expenses on her Schedule C. The IRS found however, that Customer 8 earned \$16,221 in business income and incurred only \$500 in expenses. Likewise, in 2013, Joseph significantly underreported Customer 8's gross receipts by more than \$11,000 and overstated her expenses by more than \$1,000, thereby fraudulently reducing her taxable income and increasing her refund amount.

112. Joseph also claimed refundable credits that Customer 8 was not entitled to claim. In both 2012 and 2013, Joseph claimed the American Opportunity Credit in the amount of \$1,000. Other than English classes that do not qualify for the credit, Customer 8 did not attend school and did not tell Joseph she did. She was not aware Joseph had claimed the credit until she

was audited by the IRS. In addition, Customer 8 did not know why Joseph claimed a Fuel Tax Credit of \$912 in 2012 and \$828 in 2013. The IRS disallowed all of these credits. The IRS also found that Joseph also overstated her 2012 Additional Child Tax Credit by \$195.

113. For both years, Joseph directed the IRS to deposit his fee into the businesses' bank accounts, in violation of the instruction on IRS Form 8888. In 2012, he claimed an \$8,549 refund for Customer 8, and had \$999 of that deposited into Imperial Taxation's TD Bank account. In 2013, he claimed an \$8,456 refund and had \$945 of it deposited into Aleluya's Chase Bank account.

Customer 9

114. Fertilien prepared Customer 9's 2012 tax return at Imperial Taxation.

115. Customer 9 owns a cleaning business and provided Fertilien with records of her income and expenses for her 2012 tax return. He added \$3,214 in wages to her return which she did not earn and which the IRS disregarded. The overstatement of wages served to inflate Customer 9's Additional Child Tax Credit, which Fertilien claimed to be \$1,997. The IRS found that Customer 9 was entitled to a credit of only \$1,510, and disallowed the additional \$487.

116. Fertilien entirely fabricated two other credits. Without Customer 9's knowledge or consent, Fertilien claimed \$1,000 for the American Opportunity Credit and \$959 for the Fuel Tax Credit, both of which the IRS disallowed.

Customer 10

117. Joseph prepared Customer 10's 2012 tax return at Imperial Taxation and her 2013 tax return at Aleluya. Customer 10 went to Joseph because he prepared her fiancé's and sister-in-law's tax returns.

118. In 2012, Customer 10 worked exclusively as a self-employed hairstylist in her home. She performed no work for wages and did not tell Joseph she worked as an employee for wages. Nonetheless, Joseph reported \$12,023 in wages on her tax return, all of which the IRS disregarded. In addition to reporting wages that were never earned, Johnson prepared a Schedule C that understated Customer 10's business income by falsely claiming expenses for travel, legal and professional services, and advertising. Based upon these false claims, Joseph claimed an overstated EITC of \$5,236. Because this amount was based in large part on fabricated wages, the IRS reduced it to just \$1,910.

119. In 2013, Customer 10 became ill and could no longer work as a hairstylist. She had no business income and did not tell Joseph she had. Still, he filed a Schedule C showing \$4,858 of business income, all of which the IRS disregarded as fictitious.

120. Because of her illness, Customer 10 worked for only about one month at a clothing store in 2013, earning \$970, for which she provided Joseph a W-2. Nonetheless, Joseph reported wages of \$9,001. Based on the fabricated business income and overstated wage income, Joseph falsely claimed an EITC of \$5,372 on Customer 10's behalf in 2013. The IRS disallowed all but \$390 of that amount.

121. Joseph also fabricated other refundable credits on Customer 10's tax returns. She did not attend school and did not tell Joseph she did. Nevertheless, Joseph claimed a \$1,000 American Opportunity Credit for both years, which the IRS disallowed. Joseph also claimed a \$1,000 Additional Child Tax Credit for both 2012 and 2013. In 2012, the IRS reduced the claim to \$263 and in 2013 completely disallowed it. Finally, without Customer 10's knowledge or consent, Joseph claimed a Fuel Tax Credit of \$899 in 2013. She was not eligible for the credit, and the IRS disallowed it.

122. Joseph did not review Customer 10's return with her before submitting it to the IRS. She did not know what questions to ask and trusted him for accuracy.

123. Until her audit, Customer 10 was unaware of how much Joseph charged for preparing her return. Joseph provided her with paperwork only regarding her refund, not regarding his fees. For both years he directed the IRS to deposit his fee into the businesses' bank accounts, in violation of the instructions on IRS Form 8888. In 2012, he claimed a \$6,838 refund for Customer 10, and had \$786 of that deposited into Imperial Taxation's Wells Fargo bank account. In 2013, he claimed a \$7,585 refund and had \$585 of it deposited into Aleluya's Chase Bank account.

Customer 11

124. Joseph prepared Customer 11's 2012 tax return at Imperial Taxation and his 2013 tax return at Aleluya.

125. Customer 11 owned a lawn care business and worked odd jobs in 2012 and 2013, but he was not a salaried employee. Nonetheless, the returns Joseph prepared for those years reported wages of \$9,745 in 2012 and \$9,854 in 2013. Customer 11 did not tell Joseph he earned these wages, and assumed Joseph correctly reported his business income. Joseph did not correctly report Customer 11's business income. In contrast to reporting wages Customer 11 did not earn, Joseph prepared a Schedule C for Customer 11 that significantly understated the business income he earned in 2012 and 2013. Joseph reported \$6,471 in gross receipts on Customer 11's 2012 Schedule C and \$4,854 on his 2013 Schedule C. Both figures are well below the \$14,960 in gross receipts the IRS determined Customer 11 actually received. Joseph also fabricated business expenses claimed on the Schedules C he prepared for Customer 11. The IRS disallowed these expenses entirely.

126. Joseph also overstated the Fuel Tax Credit Customer 11 was entitled to claim for fuel that powered the generators he used in his business. While the audit showed that Customer 11 purchased \$133 of qualifying fuel in both 2012 and 2013, Joseph claimed a Fuel Tax Credit of \$1,079 on Customer 11's 2012 tax return, and a \$912 credit on his 2013 return. Unlike the Fuel Tax Credit that Customer 11 was entitled to claim (in amounts far less than Joseph claimed on his return), Joseph claimed \$1,000 American Opportunity Credits on Customer 11's returns in both 2012 and 2013 that he was not eligible for at all. Customer 11 did not tell Joseph he went to school and did not know why these credits were claimed on his returns. The IRS disallowed them entirely. Joseph also overstated Customer 11's Additional Child Tax Credit in 2012.

127. Customer 11 told IRS Tax Specialist Phyllis Kampmeyer he did not question Joseph about what was reported because he did not understand how to read the forms. Joseph quoted Customer 11 a \$500 fee for each year, but IRS Form 8888 shows \$699 deposited into Imperial Taxation's Wells Fargo bank account in 2012 and \$599 into Aleluya's Chase Bank account in 2013, which is a violation of the instructions on the Form.

Customer 12

128. Joseph prepared Customer 12's 2013 and 2014 tax returns at Aleluya.

129. Customer 12 met Joseph at the blood bank where they are both employed, and Joseph solicited her business there.

130. In 2013, Customer 12 did not attend school and did not tell Joseph that she did. Nonetheless, Joseph claimed \$1,000 American Opportunity Credits on both her 2013 and 2014 tax returns without her knowledge or consent. The IRS disallowed both credits.

131. Joseph overstated Customer 12's Additional Child Tax Credit on both her 2013 and 2014 tax returns. He claimed a credit of \$1,791 in 2013, which the IRS found was

overstated by \$1,500, and a \$2,000 credit in 2014, which the IRS found was overstated by \$1,314.

132. Joseph claimed a Fuel Tax Credit of \$714 on Customer 12's 2013 return that Customer 12 was not eligible to claim. Joseph did so without her knowledge or consent. The IRS disallowed the credit.

133. Joseph falsified or overstated itemized deductions Customer 12 claimed on her 2014 return. These deductions included one for fictitious charitable contributions of \$4,710. In addition, Joseph claimed \$12,409 in unreimbursed business expenses for mileage fees and uniforms. In fact, Customer 12's employer had reimbursed her for the great majority of these expenses. The IRS found this claim was overstated by \$11,909, and reduced it to \$500.

134. Joseph also claimed a \$2,000 Additional Child Tax Credit. The IRS found the credit was falsified, and disallowed it.

135. In both 2012 and 2013, Joseph falsely claimed Head of Household status for Customer 12. The IRS reclassified her filing status as Single, and recalculated her tax liability accordingly.

136. Joseph did not review Customer 12's 2013 tax return with her other than to note the amount of the refund. Customer 12 stated she did not ask Joseph about the tax return because she knows nothing about taxes. Joseph did not ask her any questions regarding her return and she did not complete any paperwork. On Customer 12's 2013 return, Joseph directed the IRS to deposit his \$500 fee into Aleluya's Chase bank account, in violation of the instructions on IRS Form 8888.

Customers 13 and 14

137. Customers 13 and 14 are married taxpayers for whom Joseph prepared a joint income tax return for the 2014 tax year. Customer 13, the husband, worked as a cook at two restaurants in 2014, while Customer 14, the wife, did not work outside the home. They were referred to Alelyua by Customer 13's brother.

138. Joseph claimed itemized deductions totaling \$21,873 on Customers 13 and 14's tax return. These deductions included a claim for a charitable contribution of \$4,789. Customers 13 and 14 told the IRS Tax Specialist they donate to their church, but had no documentation of the donations, and provided Joseph with none. Additionally, Joseph claimed a deduction of \$16,411 for job-related expenses. He reported that Customer 13 incurred travel expenses as a driver. Customer 13 said he was not a driver, did not tell Joseph he was a driver, and that Joseph just put the numbers on the return. The IRS disallowed all itemized deductions, and replaced them with a standard deduction of \$12,400 for married taxpayers who file jointly.

139. Joseph claimed an American Opportunity Credit of \$1,000 for Customer 14, who told the IRS that she did not go to school and that the credit was claimed without her knowledge or consent. The IRS disallowed the credit.

140. Joseph did not review the return with Customers 13 and 14. They did not ask Joseph questions about the return because they know nothing about taxes in the United States. They also did not ask how much Joseph charged them for preparing their tax return. They received their refund by picking up a check at Alelyua's office. The check was from Alelyua, not from the IRS.

Harm Caused by the Defendants

141. The Defendants' fraudulent practices over the years have harmed their customers, the United States, and the taxpaying public. Their customers have been harmed because they paid the Defendants to prepare tax returns that accurately reflect the tax they owe. Instead, the Defendants prepared returns that fabricate or exaggerate items in order to understate their tax liabilities and/or claim refunds the customers are not entitled to receive. As a result, many customers must pay back the refunds they received, plus penalties and interest. In many instances, the refunds claimed on returns the Defendants prepared were sent to the Defendants' bank accounts without the knowledge or consent of their customers. Before the funds were remitted to the customers, the Defendants deducted their fees, which they often failed to disclose.

142. The United States was harmed by the loss of significant tax revenue. From the time the Individual Defendants opened Imperial Taxation in 2011 through 2014, more than 4,800 individual returns have been prepared at Imperial Taxation and Aleluya. The IRS has audited 123 of those returns. The total revenue loss from just the audited returns is more than \$700,000, for an average of about \$5,700 per return.

143. The IRS estimates the revenue loss of many millions of dollars more from the Defendants' returns that have not been audited.

144. The Defendants continued to file falsified tax returns during the 2016 tax return filing season. While the IRS has not yet conducted any formal audit, but has reviewed 32 returns the Defendants prepared in 2016. Those returns share similar characteristics to returns the Defendants prepared in previous years that were determined to have fraudulent claims. To illustrate, of the 32 returns the IRS reviewed:

- a. 26 claimed the maximum EITC. This compares similarly with 19 of the 24 audited returns of Customers 1-14 discussed above, which defendants prepared in previous years. Of those 19 returns claiming the maximum EITC, 8 were disallowed entirely by the IRS, and another 8 were overstated and reduced accordingly.
- b. 7 claimed the Fuel Tax Credit without any indication of an occupation to suggest the taxpayer purchased fuel for a qualified use or is otherwise eligible to claim the credit.
- c. 15 claimed the American Opportunity Credit without a Form 1098-T from an educational institution, a good indication that like in previous years, the Defendants continue to falsify claims for this credit.

145. In addition to the direct harm caused by preparing tax returns understating their customers' tax liabilities, the Defendants' activities undermine public confidence in the administration of the federal tax system and encourage noncompliance with the internal revenue laws.

146. The Defendants have further harmed the United States because the IRS must devote its limited resources to identifying their customers, ascertaining their correct tax liability, recovering any refunds erroneously issued, and collecting any additional taxes and penalties.

**Count I:
Injunction Under I.R.C. § 7407**

147. The United States incorporates by reference the allegations in paragraphs 1 through 146.

148. Under I.R.C. § 7407, a district court is authorized to enjoin a tax return preparer from, *inter alia*, (1) engaging in conduct subject to penalty under I.R.C. § 6694, which penalizes a return preparer who prepares a return that contains an understatement of tax liability or

overstatement of a refund due to an unreasonable position the return preparer knew or should have known was unreasonable; (2) engaging in conduct subject to penalty under I.R.C. § 6695, which penalizes a return preparer who does not sign the return or provide the correct tax preparer identification number; or (3) engaging in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws.

149. For a court to issue such an injunction, it must find (1) the preparer has engaged in conduct subject to penalty under I.R.C. §§ 6694 or 6695 and (2) injunctive relief is appropriate to prevent reoccurrence of the conduct.

150. The Court may permanently enjoin the person from acting as a federal tax return preparer if it finds that a preparer has continually or repeatedly engaged in such conduct and the Court further finds that a narrower injunction (*i.e.*, prohibiting only that specific enumerated conduct) would be insufficient to prevent that person's interference with the proper administration of the internal revenue laws.

151. The Defendants have continually and repeatedly engaged in conduct subject to penalty under I.R.C. § 6694 by preparing federal income tax returns that understate their customers' liabilities and/or overstate their refunds based on positions the Defendants knew or should have known were unreasonable and reckless. Specifically, it was unreasonable and reckless for the Defendants to prepare returns claiming a variety of credits that improperly understated their customers' tax liabilities or overstated their refunds when they knew their customers did not qualify for those credits.

152. The Defendants' repeated violations of I.R.C. § 6694 fall within the scope of I.R.C. § 7407(b)(1)(A) and thus are subject to an injunction under I.R.C. § 7407.

153. If they are not enjoined, the Defendants are likely to continue to file false and fraudulent tax returns.

154. The Defendants' continued and repeated conduct demonstrates that a narrow injunction, prohibiting only specific conduct, would be insufficient to prevent their interference with the proper administration of the internal revenue laws. The Defendants continued to claim false credits even after they knew they were under investigation by the IRS for fraudulent tax return preparation. Indeed, Petit-Dos and Joseph have continued to file false and fraudulent returns even after being penalized under I.R.C. § 6695. Moreover, the breadth of their fraudulent schemes makes it difficult to design a narrow injunction. The Individual Defendants are still filing returns at Aleluya. Thus, the Defendants should be permanently barred from acting as tax return preparers.

**Count II:
Injunction Under I.R.C. § 7408**

155. The United States incorporates by reference the allegations in paragraphs 1 through 146.

156. Under I.R.C. § 7408(a)-(c), a district court is authorized to enjoin any person from engaging in conduct subject to penalty under I.R.C. § 6701 if injunctive relief is appropriate to prevent recurrence of such conduct.

157. Under I.R.C. § 6701(a), a person is penalized if s/he aids or assists in the preparation of any portion of a federal tax return, refund claim, or other document, knowing, or having a reason to believe, it will be used in connection with any material matter arising under the internal revenue laws and knowing if it is so used it will result in an understatement of another person's tax liability.

158. The Defendants have knowingly and willfully prepared false federal tax returns they knew would understate their customers' correct tax liabilities. The Defendants intentionally filed false Fuel Tax Credits, false education tax credits, false child tax credits, and improperly inflated claims for the EITC. The Defendants' conduct is thus subject to penalty under I.R.C. § 6701.

159. If the Court does not enjoin the Defendants, they are likely to continue engaging in conduct subject to penalty under I.R.C. § 6701. Injunctive relief is therefore appropriate under I.R.C. § 7408(a)-(c).

**Count III:
Injunction Under I.R.C. § 7402**

160. The United States incorporates by reference the allegations of paragraphs 1 through 146.

161. Under I.R.C. § 7402, a district court is authorized to issue orders of injunction as may be necessary or appropriate for the enforcement of internal revenue laws.

162. The Defendants have engaged in conduct that substantially interferes with the enforcement of the internal revenue laws by preparing and filing tax returns that intentionally claim false credits to artificially create and inflate unwarranted refunds to their customers.

163. Unless enjoined, the Defendants are likely to continue engaging in this improper conduct. If the Defendants are not enjoined from engaging in fraudulent and deceptive conduct, the United States will suffer irreparable injury by wrongfully issuing federal income tax refunds to individuals not entitled to receive them, many of which will never be discovered or recovered. The United States will also suffer irreparable injury because it will have to devote substantial

unrecoverable time and resources auditing the Defendants' customers to detect future returns understating their tax liabilities or overstating their refunds.

164. Enjoining the Defendants is in the public interest because an injunction, backed by the Court's contempt powers if needed, will stop the illegal conduct and the harm it causes to the United States, as well as the continued undermining of public confidence in the administration of the federal tax system.

165. The Court should impose injunctive relief under I.R.C. § 7402.

Count IV
Disgorgement under I.R.C. § 7402

166. The United States incorporates by reference the allegations of paragraphs 1 through 146.

167. 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.

168. Petit-Dos, Fertilien, Joseph, and Aleluya's conduct, which substantially interferes with the enforcement of the internal revenue laws, caused the United States to issue tax refunds to individuals not entitled to receive them. Petit-Dos, Fertilien, Joseph, and Aleluya have unjustly profited at the expense of the United States by subtracting their exorbitant fees from those refunds.

169. Petit-Dos, Fertilien, Joseph, and Aleluya are not entitled to these ill-gotten gains. But for the conduct of Petit-Dos, Fertilien, Joseph, and their preparers at Aleluya, these bogus refunds would not have been issued. The Court should enter an order under I.R.C. § 7402(a) requiring Petit-Dos, Fertilien, Joseph, and Aleluya to disgorge to the United States the gross

receipts (in the form of fees subtracted from customers' tax refunds) they have received for the preparation of federal tax returns making grossly incompetent, negligent, reckless, and/or fraudulent claims.

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

A. That the Court find Frantz Petit-Dos, Luczor Fertilien, David Joseph, and Aleluya Universal Accounting Services Inc. have continually and repeatedly engaged in conduct subject to penalty under I.R.C. §§ 6694 and 6695, and have continually and repeatedly engaged in other fraudulent and deceptive conduct that substantially interferes with the administration of the tax laws, and that injunctive relief is appropriate under I.R.C. § 7407 to bar them from acting as federal tax return preparers to prevent recurrence of that conduct;

B. That the Court find Frantz Petit-Dos, Luczor Fertilien, David Joseph, and Aleluya Universal Accounting Services Inc. have engaged in conduct subject to penalty under I.R.C. § 6701, and that injunctive relief is appropriate under I.R.C. §§ 7402 and 7408 to bar them from continuing to engage in that conduct;

C. That the Court find Frantz Petit-Dos, Luczor Fertilien, David Joseph, and Aleluya Universal Accounting Services Inc. have engaged in conduct that substantially interferes with the enforcement of the internal revenue laws, and injunctive relief is appropriate to prevent the recurrence of that conduct pursuant to the Court's inherent equity powers and I.R.C. § 7402(a);

D. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter a permanent injunction prohibiting Frantz Petit-Dos, Luczor Fertilien, David Joseph, and Aleluya Universal Accounting Services Inc., and anyone acting in concert with them, from:

1. preparing, assisting in the preparation of, or directing the preparation of federal tax returns, amended returns, or other tax-related documents and forms, including any electronically-submitted tax returns or tax-related documents, for others;

2. using an EFIN, EIN, TIN, PTIN, or any other federally issued identification number to file or remit federal income tax returns for others, as prohibited by I.R.C. § 6695;
3. engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6695, 6700, or 6701;
4. engaging in conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws;

E. That the Court enter an injunction requiring Frantz Petit-Dos, Luczor Fertilien, David Joseph, and Aleluya Universal Accounting Services Inc., at their own expense, to:

1. send by certified mail, return receipt requested, a copy of the final injunction entered against them in this action and the notice referenced below in paragraph 5, in English and in Creole, as well as a copy of the Complaint setting forth the allegations as to how the Defendants fraudulently prepared federal income tax returns, to each person for whom they prepared federal income tax returns or any other federal tax forms after January 1, 2013;
2. turn over to the United States copies of all returns or claims for refund that they prepared after January 1, 2013;
3. 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 all customers for who the defendants prepared returns after January 1, 2013;
4. surrender to the Secretary of the Treasury or his delegate any PTINs held by, or assigned to, or used by each defendant pursuant to I.R.C. § 6109, and the EFIN held by, assigned to, or used by each defendant;
5. prominently post in the store window where tax returns were prepared by any defendants, in English and in Creole, a notice with dimensions of at least 12 by 24 inches, to be provided by the United States, stating that a United States court has ordered the defendants are permanently prohibited by law from preparing tax returns for others from the date of entry of the order.
6. publish in a local English language daily circulation newspaper and a local Creole language daily or weekly circulation, for 14 consecutive days, a notice equal to one-sixteenth of a page, to be provided by the United States, which states that a United States court has ordered that the defendants are permanently prohibited by law from preparing tax returns for others from the date of entry of the order.

7. file a sworn statement with the Court evidencing the Defendants' compliance with the foregoing directives within 45 days of entry of the final injunction in this action; and
8. keep records of the defendants' compliance with the foregoing directives, which may be produced to the Court, if requested, or to the United States pursuant to paragraph F, below;

F. That the Court enter an order allowing the United States to monitor the Defendants' compliance with the injunction, and to engage in post-judgment discovery in accordance with the Federal Rules of Civil Procedure;

G. That the Court, pursuant to I.R.C. § 7402, enter an order requiring Petit-Dos, Fertilien, Joseph, and Aleluya to disgorge to the United States the gross receipts (the amount of which is to be determined by the Court) that Petit-Dos, Fertilien, Joseph, and Aleluya have received (in the form of fees subtracted from customers' tax refunds) for the preparation of tax returns that make or report false or fraudulent claims, deductions, credits, income, expenses, or other information that results in the understatement of taxes, prepared since 2011 at Imperial Taxation; and

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

Dated: January 31, 2017

Respectfully submitted,

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