

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	
)	
(1) FRED PICKETT JR.,)	
(2) JALISA STEELE,)	Case No. 9:17-cv-80604
(3) FRED PICKETT III,)	
(4) FIVE STAR TAX AGENCY, LLC,)	
(5) FIVE STAR FINANCIAL)	
SERVICES, INC., and)	
(6) MILLENIUM TAX)	
PROFESSIONALS, INC.,)	
)	
Defendants.)	
_____)	

COMPLAINT FOR PERMANENT INJUNCTION

The United States of America, for its complaint against Fred Pickett Jr., Jalisa Steele, Fred Pickett III, Five Star Tax Agency, LLC, Five Star Financial Services, Inc., and Millenium [sic] Tax Professionals, Inc., alleges the following:

1. This is a civil action brought by the United States under 26 U.S.C. §§ 7402, 7407, and 7408 to enjoin Fred Pickett Jr., Jalisa Steele, Fred Pickett III, Five Star Tax Agency, LLC, Five Star Financial Services, Inc., and Millenium Tax Professionals, Inc. and anyone in active concert or participation with them, from:

- a. acting as federal tax return preparers or requesting, assisting in, or directing the preparation or filing of federal tax returns, amended returns, or other related documents or forms for any person or entity other than themselves;
- b. owning, operating, managing, working in, investing in, providing capital or loans to, receiving fees or remuneration from, controlling, licensing, consulting with, or franchising a tax return preparation business;

- c. training, advising, counseling, instructing, or teaching anyone about the preparation of federal tax returns;
- d. creating or providing cheat sheets, memoranda, directions, instructions, or manuals, pertaining to the preparation of federal tax returns;
- e. maintaining, transferring, assigning, holding, using, or obtaining a Preparer Tax Identification Number (PTIN) or an Electronic Filing Identification Number (EFIN);
- f. selling, transferring, assigning, disseminating, providing, or giving to any individual or entity a list of customers, or any other customer information of the Defendants or any individual acting at the Defendants' direction;
- g. selling, transferring, assigning, disseminating, providing, or giving to any current manager, tax return preparer, employee, or independent contractor a list of customers, or any other customer information, of the Defendants or any individual acting at the Defendants' direction;
- h. engaging in any other activity subject to penalty under 26 U.S.C. §§ 6694, 6695, 6701 or any other penalty provision in the Internal Revenue Code; and
- i. engaging in any conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws.

2. This action has been requested by the Chief Counsel of the Internal Revenue Service (IRS), a delegate of the Secretary of the Treasury, and commenced at the direction of a delegate of the Attorney General of the United States. 26 U.S.C. §§ 7407 and 7408.

Jurisdiction and Venue

3. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345 and 26 U.S.C. § 7402(a).

4. Venue is proper in this Court under 28 U.S.C. § 1391(b)(1) because Defendants Pickett Jr., Steele, and Pickett III reside in this judicial district. In addition, Steele and Pickett III are officers of Millenium Tax Professionals, Inc. and Pickett Jr. is an officer of Five Star Tax Agency, LLC and Five Star Financial Services, Inc.—all of which have their principal place of

business in Belle Glade, Florida, which is within this district. Moreover, a substantial part of the activities giving rise to this suit occurred in this judicial district.

Defendants

5. Defendant Fred Pickett Jr. resides at 609 SW 13th Street, Belle Glade, Florida 33430. Pickett Jr. prepares federal tax returns for compensation and is the owner of a tax return preparation business that either has operated or continues to operate stores located in Belle Glade, Clewiston, Moore Haven, and LaBelle, Florida. Pickett Jr. conducts his tax return preparation business through the following corporate entities—and co-Defendants—that he created: Five Star Tax Agency, LLC, Five Star Financial, Inc., and Millenium Tax Professionals, Inc. He is the President of Five Star Tax Agency, LLC, the President of Five Star Financial Services, Inc., and the former President of Millenium Tax Professionals, Inc.

6. Defendant Jalisa Steele is Pickett Jr.'s daughter. She resides at 625 El Prado Drive, Apt. 1, Belle Glade, Florida 33430. Steele prepares federal tax returns for compensation. She has worked for Pickett Jr.'s tax return preparation business since at least 2014. She is the Secretary of Five Star Financial Services, Inc. and the Secretary of Millenium Tax Professionals, Inc.

7. Defendant Fred Pickett III is Pickett Jr.'s son. He resides at 625 El Prado Drive, Apt. 1, Belle Glade, Florida 33430. He has worked for Pickett Jr.'s tax return preparation business since at least 2014 and is currently the President and Registered Agent of Millenium Tax Professionals, Inc.

8. Defendant Five Star Tax Agency, LLC (hereinafter, "Five Star Tax") was incorporated in Florida by Pickett Jr. in November 2010.

9. Defendant Five Star Financial Services, Inc. (hereinafter, “Five Star Financial”) was incorporated in Florida by Pickett Jr. in August 2012.

10. Defendant Millenium [sic] Tax Professionals, Inc. (hereinafter, “Millenium”) was incorporated in Florida by Pickett Jr. in September 2013. The original incorporation documents listed Pickett Jr. and Steele as the President and Secretary, respectively. However, in May 2015, Millenium filed reinstatement documents listing Pickett III and Steele as the President and Secretary, respectively, and Pickett III as the Registered Agent.

11. The conduct alleged in this complaint concerning Pickett Jr., Steele, and Pickett III is the same conduct imputed to Five Star Tax, Five Star Financial, and Millenium because Pickett Jr., Steele, and Pickett III act through these entities. (Hereinafter, these individuals and entities are collectively referred to as the “Defendants”).

Background

12. Pickett Jr. studied criminal justice at Miami Dade Community College and Palm Beach Community College, but did not earn any degrees. He has no formal training in tax return preparation or accounting.

The Entities Used to Operate the Tax Return Preparation Business

13. In 2011, Pickett Jr. opened his first federal tax return preparation business at 1417 NW Avenue L, Suite 1, Belle Glade, Florida.

14. Pickett Jr. operated his first store as Five Star Tax.

15. To electronically file customers’ federal tax returns, the Internal Revenue Service (IRS) requires all return preparers to obtain an Electronic Filing Identification Number (“EFIN”). Five Star Tax used EFIN 603435 to file its customers’ federal tax returns from 2011 through 2014.

16. In 2013, Pickett Jr. opened another store at 805 U.S. Route 27, Suite 1, Moore Haven, Florida 33430. This location closed before 2015.

17. In 2015, Pickett Jr. operated his tax return preparation business as Five Star Financial, rather than Five Star Tax. Five Star Financial used EFIN 608688 to file its customers' federal tax returns in 2015.

18. Although all of the tax returns filed by Five Star Financial in 2015 stated that they were prepared at the store located at 1417 NW Avenue L, Suite 1, Belle Glade, Florida, Pickett Jr. also operated two additional stores in Clewiston and LaBelle, Florida that year.

19. In March 2015, IRS employees interviewed Pickett Jr. in Belle Glade, Florida in connection with the IRS's investigation of his tax return preparation businesses.

20. Since learning that Pickett Jr.'s tax return preparation business was the subject of an IRS investigation, Pickett Jr., Steele, and Pickett III have attempted to conceal Pickett Jr.'s ongoing involvement with the tax preparation business. Beginning in mid-2015, Pickett III and Steele assumed more prominent positions in Pickett Jr.'s tax return preparation business.

21. Since 2015, the Defendants ceased filing tax returns as Five Star Financial and began to conduct their business as Millenium instead. Pickett Jr. incorporated Millenium in 2013 and was the President and Registered Agent. In May 2015, Pickett III filed paperwork with the Florida Secretary of State to reinstate Millenium as a corporation, listing himself as the President and Registered Agent. Pickett Jr. was not listed on the reinstatement paperwork for Millenium.

22. In 2016, Pickett Jr., Steele, and Pickett III continued to operate the original store located at 1417 NW Avenue L, Suite 1, Belle Glade. That original store advertised itself to the public as "5 Star TAX SERVICES" on a sign affixed to the building through at least November 2016. Nevertheless, all tax returns prepared by the Defendants in 2016 listed Millenium, rather

than Five Star Tax Services, as the preparer. Further, all tax returns prepared by the Defendants in 2016 listed Millenium's physical location as Pickett Jr.'s home address: 609 SW 13th Street, Belle Glade, Florida 33430.

23. Pickett Jr., Steele, and Pickett III are continuing to evade IRS detection. In December 2016, Pickett III created a new entity called "Premiere Financial Services of the Glades, Inc." In November 2016, Steele applied for an EFIN for an entity called "Primier Financial Services, Inc." The address listed on Premiere's incorporation documents and Primier's EFIN application is Pickett III's home address. Advertisements for Premiere, however, list the actual store address as 1417 NW Avenue L, Suite 1, Belle Glade, Florida—the same store location operated by Five Star Tax, Five Star Financial, and Millenium since 2011. Neither Premiere nor Primier have yet to appear as the tax return preparation firm on any tax returns.

Store Operations

24. Pickett Jr., with the eventual assistance of Steele and Pickett III, created and maintained a tax return preparation business operating under either Five Star Tax, Five Star Financial or Millenium that prepared false tax returns for their customers from 2011 through the present.

25. The Defendants employed approximately 3 to 6 people each year to assist with the preparation of tax returns. Pickett Jr. hired and trained these employees himself.

26. The Defendants charge customers approximately \$300–400 to prepare their tax returns. The Defendants typically deduct the fee directly from the customers' refunds using a third-party fee processor.

27. The Defendants prepared and filed the following numbers of tax returns each year:

Year	Tax Year	Federal Tax Returns Filed	Total Returns Seeking Refund
2011	2010	849	846 (99%)
2012	2011	1,663	1,662 (99%)
2013	2012	1,363	1,362 (99%)
2014	2013	1,361	1,360 (99%)
2015	2014	1,639	1,638 (99%)
2016	2015	1,474	1,471 (99%)
2017 (as of February 21, 2017)	2016	617	617 (100%)
TOTAL		8,966	8,956 (99.89%)

28. The IRS requires that anyone who prepares federal tax returns for compensation must have a valid Preparer Tax Identification Number (PTIN), which the preparer must list on every customer's tax return.

29. Pickett Jr. personally prepared numerous customers' tax returns from 2011 through the present. From at least 2013 through 2015, the Defendants' employees also prepared and filed tax returns using Pickett Jr.'s PTIN (instead of applying for their own PTINs as required by law). Pickett Jr. was listed as the paid return preparer on over 4,200 tax returns during that period.

30. In 2016, the Defendants used a PTIN assigned to Steele to file 1,455 tax returns. In 2017, the Defendants listed Steele's PTIN on 616 out of 617 tax returns that they filed as of February 21, 2017.

The Defendants' Unlawful Tax Return Preparation Practices

31. The Defendants promote the preparation of flagrantly false tax returns. To obtain inflated refunds for their customers, the Defendants understate their customers' tax liabilities and improperly claim credits on the customers' tax returns. Over the 6 years that the Defendants

have operated the tax return preparation businesses, their stores have filed hundreds of false returns and claimed hundreds of thousands of dollars in unwarranted refunds for their customers.

32. The Defendants profit from the preparation and filing of such false tax returns by charging customers several hundred dollars per return for their services. By offering improperly inflated refunds, the Defendants are able to attract customers and increase the total fees they receive.

33. Many of the Defendants' customers earn low to moderate incomes and lack substantial knowledge of proper tax return preparation practices. Further, the customers are often unaware that the Defendants prepare and file false tax returns for them.

34. To increase customers' refunds, the Defendants engage in the following unlawful tax return preparation practices:

- a. Fabricating Schedule C businesses and business-related profits or losses;
- b. Manipulating, maximizing, or falsely claiming the Earned Income Tax Credit (EITC);
- c. Claiming false education credits;
- d. Claiming spurious fuel tax credits;
- e. Fabricating IRA contributions and deductions; and
- f. Failing to provide customers with complete copies of their tax returns.

Fabricated Schedule C Business Income and Expenses

35. Individual taxpayers who operate a business as a sole proprietorship must report the business's income and expenses on an IRS Form Schedule C—"Profit or Loss from Business"—that is filed as part of the taxpayer's income tax return (IRS Form 1040). The net figure reported on a Schedule C, whether a profit or a loss, is a component of the taxpayer's adjusted gross income (along with any wage income, interest income, etc.).

36. The Defendants and/or their employees prepare tax returns that understate their customers' tax liabilities by fabricating Schedule C businesses and the corresponding profits and/or losses.

37. By fabricating businesses and losses, the Defendants and/or their employees reduce the customers' taxable income, and thus, the amount of tax owed to the IRS.

38. This practice of manipulating the customers' income through fabricated Schedule C profits or losses serves an additional purpose: it unlawfully renders customers eligible for the Earned Income Tax Credit (EITC) and/or maximizes the EITC amount that customers claim.

39. For customers whose actual income is too low to otherwise qualify for the maximum EITC, the Defendants report profits from fake businesses on the Schedule C.

Bogus Earned Income Tax Credits

40. The Defendants and/or their employees prepare tax returns that include bogus claims for the EITC, which is a refundable tax credit for working people who earn low to moderate incomes. The amount of the EITC available per taxpayer is based upon the taxpayer's income, filing status, and number of claimed dependents. Because the EITC is a refundable credit, claiming it can reduce a taxpayer's federal tax liability below zero in certain circumstances, thereby entitling the taxpayer to a payment from the U.S. Treasury.

41. The method used to calculate the EITC makes a taxpayer eligible to claim a larger EITC amount if he/she earns income within designated ranges, which vary according to the number of the taxpayer's dependents. For example, for a single taxpayer who claims one dependent for tax year 2016, the taxpayer's potential EITC amount varies as follows: the credit increases from \$1 to \$3,373 as the taxpayer earns \$1 to \$9,950; it remains at \$3,373 if the taxpayer earns more than \$9,950 and less than \$18,200; and it decreases from \$3,373 to \$4 as the

taxpayer earns \$18,200 to \$39,350. Therefore, to maximize the EITC that a single taxpayer with one dependent can receive from the U.S. Treasury in tax year 2016, that taxpayer must report an adjusted gross income between \$9,950 and \$18,200. For tax year 2016, the maximum EITC amount is \$6,269 and is available only for taxpayers with 3 or more dependents and who earn between \$13,900 and \$18,200 if they are single and between \$13,900 and \$27,350 if they are married and file jointly.

42. The range of earned incomes that correspond to the maximum EITC for each type of taxpayer is often referred to as the “sweet spot.”

43. The Defendants falsify the information reported on customers’ tax returns as necessary to claim the maximum EITC for their customers. For example, to bring a customer’s adjusted gross income within the EITC “sweet spot,” the Defendants concoct businesses that they report on a customer’s tax return (Schedule C) with corresponding profits or losses as necessary to increase or decrease the customer’s taxable income.

False Education Credits

44. The Defendants and/or their employees report false education expenses and falsely claim education-related credits, such as the American Opportunity credit, on customers’ tax returns. The American Opportunity Credit is a refundable credit that reduces taxable income and entitles taxpayers who do not owe taxes to receive a payment from the U.S. Treasury of up to \$1,000.

45. By claiming education credits for customers who did not actually attend college during the tax year at issue (if ever) and had no qualifying education expenses, the Defendants and/or their employees unlawfully reduce their customers’ taxable incomes and generate larger refunds.

Spurious Fuel Tax Credits

46. The Defendants and/or their employees claim spurious fuel tax credits for their customers using the IRS Form 4136, “Credit for Federal Tax Paid on Fuels.” The fuel tax credit is available only to taxpayers who operate machinery or other off-highway business vehicles that are not registered for highway use. Therefore, most fuel purchases are *not* eligible for the fuel tax credit.

47. The Defendants claim the refundable fuel tax credit for utterly fabricated and/or non-qualifying fuel purchases, thereby increasing their customers’ refunds by hundreds of dollars.

Fabricated IRA Deductions and Credits

48. The Defendants and/or their employees report fabricated individual retirement account (IRA) contributions on their customers’ tax returns in order to take an unwarranted deduction on their customers’ tax returns or claim an unwarranted credit using the IRS Form 8880, “Credit for Qualified Retirement Savings Contributions.” In general, taxpayers may deduct from their taxable income IRA contributions made to a traditional IRA account. Additionally, lower-income taxpayers may claim a credit for any contributions made to a retirement savings account.

49. By taking deductions or claiming credits for individuals who do not have IRA accounts or who did not make any eligible contributions, the Defendants and/or their employees unlawfully reduce their customers’ taxable incomes or generate larger refunds.

Failure to Provide Completed Copies of Tax Returns to Customers

50. The Defendants fail to provide their customers with a complete copy of their tax returns and omit forms relating to Schedule C businesses, education credits, fuel tax credits, and

IRA credits. Therefore, the Defendants' customers are often unaware that the Defendants prepare and file false tax returns for them.

Examples of the Defendants' Unlawful Tax Return Preparation Practices

Customer 1

51. Customer 1 had his 2011–2015 tax returns prepared at the Defendants' store in Belle Glade, Florida. Customer 1 believes that Five Star Tax Services prepared each of these returns because the storefront always had a sign reading "5 Star Tax Services." Despite this signage, "Millennium Tax Professional Inc" is listed on Customer 1's 2015 tax return as the preparation firm. Customer 1 has never heard of Defendant Millenium.

52. Jalisa Steele is listed as the tax preparer on Customer 1's 2015 tax return, but Fred Pickett Jr. actually prepared the 2015 tax return. Fred Pickett is listed as the tax preparer on Customer 1's 2012–2014 tax returns, but a tax preparer employed by the Defendants named Leslie Bouie actually prepared the tax returns. Briana Palmer is listed as the tax preparer on Customer 1's 2011 tax return, but Leslie Bouie actually prepared the 2011 tax return.

53. On Customer 1's 2011 tax return, the Defendants falsely reported that Customer 1 earned more than \$9,500 from performing household services. Customer 1 performed no paid household services during 2011. On Customer 1's 2012 tax return, the Defendants reported a fictitious Schedule C barber business with gross receipts exceeding \$2,500. On Customer 1's 2013–2015 tax returns, the Defendants reported a fictitious Schedule C janitorial business with gross receipts exceeding \$9,500, \$15,241, and \$9,500 respectively. Customer 1 did not tell the Defendants that he operated a barber or janitorial business. Customer 1 was unaware that the Defendants included such businesses on his tax returns.

54. By fabricating Schedule C businesses and income, the Defendants caused Customer 1 to be eligible for the EITC and ensured that such “income” fell within or close to the “sweet spot” for the maximum EITC for tax years 2013–2015.

55. The Defendants falsely claimed education credits on Customer 1’s 2011–2015 tax returns in the amounts of \$836, \$926, \$952, \$921, and \$921, respectively. Customer 1 has never attended college or paid any expenses for college. Customer 1 told the Defendants every year that he has never attended college. Customer 1 was unaware that the Defendants claimed the education credits on his tax returns.

56. The Defendants falsely claimed refundable fuel tax credits on Customer 1’s 2011–2013 tax returns in the amounts of \$754, \$558, and \$732, respectively. To do so, the Defendants reported that Customer 1 purchased 4,122 gallons, 3,050 gallons, and 4,000 gallons of gas for “off-highway business use” in 2011–2013, respectively. Customer 1 did not use fuel for an off-highway business use in 2011–2013 and did not tell the Defendants that he did so. The Defendants never asked Customer 1 how much gas he purchased each year and Customer 1 did not tell the Defendants he purchased any gas. Indeed, Customer 1 never discussed the fuel tax credit with the Defendants and was unaware that the Defendants claimed any fuel tax credits on his tax returns.

57. The Defendants never provided Customer 1 with a complete copy of his 2011–2015 tax returns. For each year, the Defendants provided Customer 1 with only a post-it note of his refund amount and a 1-page printout.

58. The table below shows the amounts of the improper credits and inflated refunds Customer 1 received for each tax return the Defendants prepared:

Tax Period	Fuel Tax Credit	Education Credit	Earned Income Tax Credit	Total Refund
2011	\$754	\$836	N/A	\$1,590
2012	\$558	\$926	N/A	\$1,170
2013	\$732	\$952	\$3,035	\$4,251
2014	N/A	\$921	\$5,460	\$5,903
2015	N/A	\$921	\$3,120	\$3,572

Customer 2

59. Customer 2 had his 2012–2015 tax returns prepared at the Defendants’ store in Belle Glade, Florida.

60. The Defendants fabricated Schedule C businesses on Customer 2’s 2012–2015 tax returns. For tax years 2012 and 2015, the Defendants reported a janitorial business with gross receipts totaling \$11,500 and \$14,521, respectively. For tax years 2013 and 2014, the Defendants reported a fictitious mobile detailing business with gross receipts totaling \$11,050 and \$14,500, respectively. Customer 2 has never operated janitorial or mobile detailing businesses. Customer 2 did not tell the Defendants that he operated janitorial or mobile detailing businesses. Customer 2 did not provide receipts to the Defendants showing that he worked as a janitor or in the mobile detailing business.

61. By fabricating Schedule C profits, the Defendants caused Customer 2 to be eligible for the EITC and ensured that such “income” fell within or close to the “sweet spot” for the maximum EITC for tax years 2012–2015.

62. The Defendants falsely claimed education credits on Customer 2’s 2013–2015 tax returns in the amounts of \$920, \$932, and \$921, respectively. Customer 2 did not attend college during tax years 2013–2015. Customer 2 was unaware that the Defendants claimed the education credits on his tax returns.

63. The Defendants never provided Customer 2 with a complete copy of his 2012–2015 tax returns. Instead, the Defendants provided Customer 2 with only two pages of each return.

64. The table below shows the amounts of the improper credits and inflated refunds that the Defendants claimed on each of Customer 2’s tax returns:

Tax Period	Schedule C Profit	EITC	Education Credit	Total Refund
2012	\$11,500	\$5,236	N/A	\$5,872
2013	\$11,050	\$5,372	\$920	\$6,715
2014	\$14,500	\$5,460	\$932	\$6,039
2015	\$14,521	\$5,548	\$921	\$6,345

Customer 3

65. Customer 3 had his 2012–2015 tax returns prepared by the Defendants.

66. From 2012–2015, Customer 3 provided the Defendants with W-2s reporting that he earned wages of \$66,033, \$67,083, \$72,879, and \$73,090, respectively.

67. The Defendants reported a fake Schedule C auto mechanic business on Customer 3’s 2012–2015 tax returns. The Defendants reported exorbitant losses from this fake business totaling \$33,174, \$35,350, \$44,180, and \$42,825 for tax years 2012–2015, respectively.

Although Customer 3 informed the Defendants that he enjoyed working on cars as a hobby, he never provided the Defendants with any information regarding the claimed expenses. Customer 3 did not tell the Defendants that he operated an auto mechanic business. Customer 3 did not incur and did not tell the Defendants that he incurred the extensive losses that the Defendants reported on the Schedule Cs.

68. By fabricating Schedule C losses, the Defendants significantly reduced Customer 3’s taxable income, which, in turn, caused Customer 3 to receive a refund of all or most of the federal income tax withheld from his wages. The Schedule C losses the Defendants fabricated

also caused Customer 3 to be eligible for the EITC during tax years 2012–2015—a credit to which Customer 3 was not entitled.

69. The table below shows the amounts of the improper credits and inflated refunds that the Defendants claimed on each of Customer 3’s tax returns, along with Customer 3’s W-2 wages and income tax withholdings:

Tax Period	W-2 Wages	Income Tax Withheld	Schedule C Loss	EITC	Refund
2012	\$66,033	\$8,783	(\$33,174)	\$646	\$9,421
2013	\$67,083	\$8,512	(\$35,350)	\$982	\$9,871
2014	\$72,879	\$9,482	(\$44,180)	\$1,524	\$11,208
2015	\$73,090	\$9,391	(\$42,825)	\$1,359	\$9,762

Customer 4

70. Customer 4 had her 2013 and 2014 tax returns prepared by Fred Pickett Jr. at the Defendants’ store in Belle Glade, Florida.

71. Customer 4 provided the Defendants with W-2s reporting that she earned wages of \$37,117 in 2013 and \$35,322 in 2014.

72. The Defendants reported fictitious Schedule C businesses on Customer 4’s 2013 and 2014 tax returns. For tax year 2013, the Defendants reported a fictitious Schedule C computer repair business with \$18,083 in losses. Customer 4 did not tell the Defendants that she had a computer repair business. Customer 4 does not know how to use a computer. Customer 4 was unaware that the Defendants listed the business on her 2013 tax return. For tax year 2014, the Defendants reported a fictitious Schedule C retail sales business with \$25,055 in losses. Customer 4 did not tell the Defendants that she had a retail sales business. Customer 4 was unaware that the Defendants listed the business on her 2014 tax return.

73. By fabricating Schedule C losses, the Defendants significantly reduced Customer 4's taxable income which, in turn, caused Customer 4 to receive a refund of all of the federal income tax withheld from her wages. The Schedule C losses the Defendants fabricated also caused Customer 4 to be eligible for the EITC during tax year 2014—a credit to which Customer 4 was not entitled.

74. The Defendants falsely reported that Customer 4 contributed \$5,000 to an IRA in 2013, claimed a qualified retirement savings contributions credit of \$403, and deducted the \$5,000 contribution from Customer 4's taxable income. Customer 4 does not have an IRA account. Customer 4 did not tell the Defendants that she had an IRA account. Customer 4 was unaware that the Defendants reported an IRA contribution on her 2013 tax return.

75. The Defendants falsely claimed a refundable fuel tax credit on Customer 4's 2013 tax return in the amount of \$814 from the bogus purchase of 4,450 gallons of gas for “off-highway business use.” Customer 4 did not use fuel for an off-highway business use in 2013. Customer 4 did not tell the Defendants that she used fuel for an off-highway business use in 2013. Customer 4 never discussed the fuel tax credit with the Defendants. Customer 4 was unaware that the Defendants claimed the credit on her 2013 tax return.

76. The Defendants falsified a number of documents in Customer 4's client file in an attempt to substantiate the fabricated credits and losses the Defendants claimed on the tax returns. The Defendants requested that Customer 4 sign blank forms relating to self-employment expenses, IRA contributions, and fuel, but the forms were subsequently filled out with false information—e.g., wholly fabricated expenses for the Schedule C business relating to advertising, repairs and maintenance, supplies, travel, and meals and entertainment—without Customer 4's knowledge. The Defendants also forged Customer 4's signature on a number of

cash receipts in Customer 4's file in an attempt to show that Customer 4 made sales through a computer repair business. The Defendants included notarized documents in Customer 4's client file that were not notarized in her presence.

77. The Defendants never provided Customer 4 with a complete copy of her 2013 and 2014 tax returns. Instead, the Defendants provided Customer 4 with only two pages of her tax returns.

78. The table below shows the amounts of the improper credits and inflated refunds that the Defendants claimed on each of Customer 4's tax returns, along with Customer 4's W-2 wages and income tax withholdings:

Tax Period	W-2 Wages	Income Tax Withheld	Schedule C Loss	IRA Deduction	EITC	Fuel Tax Credit	Total Refund
2013	\$37,117	\$2,906	(\$18,083)	\$5,000	N/A	\$814	\$3,720
2014	\$35,322	\$2,571	(\$25,055)	N/A	\$330	N/A	\$2,890

Customers 5 and 6

79. Customers 5 and 6 are a married couple who had their 2013 and 2014 tax returns prepared by Fred Pickett Jr. at the Defendants' store in Belle Glade, Florida.

80. Customers 5 and 6 each received a W-2 in 2013 and 2014, reporting wages totaling \$89,952 and \$86,689, respectively.

81. The Defendants reported a fake Schedule C heavy equipment business on Customers 5 and 6's 2013 and 2014 tax returns, with losses of \$43,185 and \$47,285, respectively. Customers 5 and 6 did not tell the Defendants that they owned a heavy equipment business. Customers 5 and 6 were unaware that the Defendants listed the heavy equipment business on their tax returns.

82. By fabricating Schedule C losses, the Defendants significantly reduced Customers 5 and 6's total taxable income, which, in turn, caused Customers 5 and 6 to receive a refund of

all federal income tax withheld from their wages. The Schedule C losses the Defendants fabricated also caused Customers 5 and 6—a married couple who earned a combined \$86,689 in wages in 2014—to be eligible for the EITC, a credit to which they were otherwise not entitled.

83. The Defendants falsely reported that Customers 5 and 6 contributed \$5,000 to an IRA in 2013 and 2014, which allowed Customers 5 and 6 to claim qualified retirement savings contributions credits of \$200 and \$1,000, respectively. The Defendants also deducted the \$5,000 IRA contributions from Customers 5 and 6's taxable incomes each year. Customers 5 and 6 did not contribute to an IRA account in 2013 or 2014. Customers 5 and 6 did not tell the Defendants that they had an IRA account. Customers 5 and 6 were unaware that the Defendants reported such bogus contributions.

84. The Defendants falsified a number of documents in Customers 5 and 6's client file in an attempt to substantiate the fabricated losses and credits the Defendants reported on Customers 5 and 6's tax returns. The Defendants requested that Customers 5 and 6 sign blank forms relating to self-employment and IRA contributions, but the forms were subsequently filled out with false information—e.g., wholly fabricated expenses for the Schedule C business relating to advertising, commissions and fees, an office, repair and maintenance, supplies, travel, meal and entertainment, and utilities—without Customers 5 and 6's knowledge. The Defendants also fabricated a number of cash receipts in Customers 5 and 6's file in an attempt to document sales from the fictitious heavy equipment business. The Defendants included notarized documents in Customers 5 and 6's client file that were not notarized in their presence.

85. The Defendants never provided Customers 5 and 6 with a complete copy of their 2013 and 2014 tax returns. Instead, the Defendants provided Customers 5 and 6 with only two pages of each tax return.

86. The table below shows the amounts of the improper credits and inflated refunds that the Defendants claimed on each of Customers 5 and 6's tax returns, along with Customer 5 and 6's W-2 wages and income tax withholdings:

Tax Period	W-2 Wages	Income Tax Withheld	Schedule C Loss	IRA Deduction	EITC	Total Refund
2013	\$89,952	\$9,608	(\$43,185)	\$5,000	N/A	\$9,515
2014	\$86,689	\$9,385	(\$47,285)	\$5,000	\$722	\$11,089

Customer 7

87. Customer 7 had her 2012 and 2013 tax returns prepared at the Defendants' office in Belle Glade, Florida. Fred Pickett is listed as the tax preparer on Customer 7's tax returns, but a tax preparer employed by the Defendants named Brandi Shaw actually prepared the tax returns.

88. Customer 7 is retired and receives social security benefits as her only source of income.

89. The Defendants falsely claimed education credits on Customer 7's 2012 and 2013 tax returns. Customer 7 did not attend college in 2012 and 2013. Customer 7 did not pay any expenses for college in 2012 and 2013. Customer 7 did not tell the Defendants that she attended college or paid any expenses for college in 2012 and 2013. Customer 7 was unaware that the Defendants claimed such credits on her 2012 and 2013 tax returns.

90. The Defendants falsely claimed refundable fuel tax credits on Customer 7's 2012 and 2013 tax returns in the amounts of \$814 and \$668, respectively, for the bogus purchase of 4,450 gallons of gas in 2012 and 3,650 gallons of gas in 2013 for "off-highway business use." Customer 7 did not use fuel for an off-highway business use in 2012 or 2013. Customer 7 did not tell the Defendants that she used fuel for an off-highway business use in 2012 or 2013. Customer 7 has never purchased those amounts of gas in any tax year for *any* use. Customer 7

never discussed the fuel tax credit with the Defendants. Customer 7 was unaware that the Defendants claimed the fuel tax credits on her 2012 and 2013 tax returns.

91. The Defendants never provided Customer 7 with a complete copy of her 2012 and 2013 tax returns. Instead, the Defendants provided Customer 7 with only two pages of each tax return.

92. The table below shows the amounts of the improper credits and inflated refunds that the Defendants claimed on each of Customers 7's tax returns:

Tax Period	Education Credit	Fuel Tax Credit	Total Refund
2012	\$946	\$814	\$1,760
2013	\$1,000	\$668	\$1,668

Customer 8

93. Customer 8 had her 2013 and 2014 tax returns prepared by Fred Pickett Jr. at the Defendants' store in Belle Glade, Florida.

94. Customer 8 provided the Defendants with W-2s, reporting that she earned wages of \$98,748 in 2013 and \$107,997 in 2014.

95. The Defendants reported fake Schedule C businesses on Customer 8's 2013 and 2014 tax returns. The Defendants claimed a total loss of \$51,076 from a clothing business in 2013 and a loss of \$61,765 from a retail sale business in 2014. Customer 8 did not tell the Defendants that she operated clothing or retail sales businesses. Customer 8 was unaware that the Defendants included such businesses on her tax returns.

96. By fabricating Schedule C losses, the Defendants significantly decreased Customer 8's taxable income, which, in turn, caused Customer 8 to receive a refund of most of the federal income tax withheld from her wages.

97. The Defendants falsely claimed a refundable fuel tax credit on Customer 8's 2013 tax return in the amount of \$732 from the bogus purchase of 4,000 gallons of gas for "off-highway business use." Customer 8 did not use fuel for an off-highway business use in 2013 and did not tell the Defendants that she used fuel for an off-highway business use in 2013. Customer 8 never discussed the fuel tax credit with the Defendants. Customer 8 was unaware that the Defendants claimed the fuel tax credit on her 2013 tax return.

98. The Defendants never provided Customer 8 with a complete copy of her 2013 and 2014 tax returns. Instead, the Defendants provided Customer 8 with only two pages of each tax return.

99. The table below shows the amounts of the improper credits and inflated refunds that the Defendants claimed on each of Customers 8's tax returns, along with Customer 8's W-2 wages and income tax withholdings:

Tax Period	W-2 Wages	Income Tax Withheld	Schedule C Loss	Fuel Tax Credit	Total Refund
2013	\$98,748	\$12,266	(\$51,076)	\$732	\$8,543
2014	\$107,997	\$14,393	(\$61,765)	n/a	\$9,435

Customer 9

100. Customer 9 had her 2013 and 2014 tax returns prepared by Fred Pickett Jr. at the Defendants' store in Belle Glade, Florida.

101. Customer 9 provided the Defendants with W-2s, reporting that she earned wages of \$53,134 in 2013 and \$50,659 in 2014.

102. The Defendants reported fake Schedule C businesses on Customer 9's 2013 and 2014 tax returns. The Defendants claimed a total loss of \$19,433 from a bogus home health aide business in 2013 and a loss of \$36,081 from a fictitious tutoring business in 2014. Customer 9

did not tell the Defendants that she had home health or tutoring businesses. Customer 9 was unaware that the Defendants listed such businesses her tax returns.

103. By fabricating Schedule C losses, the Defendants significantly reduced Customer 9's taxable income, which, in turn, caused Customer 9 to receive a refund of all federal income tax withheld from her wages. The Schedule C losses the Defendants fabricated also caused Customer 9 to be eligible for the EITC in 2013 and 2014—a credit to which Customer 9 was not entitled. For 2014, the Defendants caused Customer 9's taxable income to fall within the “sweet spot,” allowing Customer 9 to claim the maximum EITC with one qualifying child despite having earned \$50,659 in wages that year.

104. The Defendants falsely deducted \$5,000 in IRA contributions on Customer 9's 2013 and 2014 tax returns. By reporting these false IRA deductions, the Defendants decreased Customer 9's taxable income by \$5,000 each tax year. Customer 9 does not have an IRA account. Customer 9 did not tell the Defendants that she had an IRA account. Customer 9 was unaware that her tax returns reported such deductions.

105. The Defendants falsified a number of documents in Customer 9's client file in an attempt to substantiate the fabricated losses and credits the Defendants reported on Customer 9's tax returns. The Defendants requested that Customer 9 sign blank forms relating to self-employment expenses and IRA contributions, but the forms were subsequently filled out with false information—e.g., wholly fabricated expenses for the Schedule C business relating to advertising, repair and maintenance, supplies, travel, and utilities—without Customer 9's knowledge. The Defendants also fabricated a number of cash receipts in Customer 9's client file in an attempt to show that Customer 9 made income from a home health business. The

Defendants included notarized documents in Customers 9's client file that were not notarized in her presence.

106. The Defendants never provided Customer 9 with a complete copy of her 2013 and 2014 tax returns. Instead, the Defendants provided Customer 9 with only two pages of each tax return.

107. The table below shows the amounts of the improper credits and inflated refunds that the Defendants claimed on each of Customers 9's tax returns, along with Customer 9's W-2 wages and income tax withholdings:

Tax Period	W-2 Wages	Income Tax Withheld	Schedule C Loss	EITC	Total Refund
2013	\$53,134	\$5,827	(\$19,433)	\$662	\$7,412
2014	\$50,659	\$4,236	(\$36,081)	\$3,305	\$8,541

Customer 10

108. Customer 10 had his 2013 and 2014 tax returns prepared by Fred Pickett Jr. at the Defendants' store in Belle Glade, Florida.

109. Customer 10 provided the Defendants with W-2s reporting that he earned wages of \$115,318 in 2013 and \$115,687 in 2014.

110. The Defendants reported fictitious Schedule C businesses on Customer 10's 2013 and 2014 tax returns. The Defendants falsely claimed that Customer 10 lost \$51,778 from a nonexistent rental business in 2013 and \$45,485 from a nonexistent retail sales business in 2014. Customer 10 did not tell the Defendants that he had rental or retail sales businesses. Customer 10 was unaware that the Defendants listed such businesses on his returns. By fabricating Schedule C losses, the Defendants significantly decreased Customer 10's taxable income, which, in turn, caused Customer 10 to receive a substantial refund of federal income tax withheld from his wages.

111. The Defendants never provided Customer 10 with a complete copy of his 2013 or 2014 tax returns. Instead, the Defendants provided Customer 10 with only two pages of each return.

112. The table below shows the amounts of the inflated refunds that the Defendants claimed on each of Customer 10's tax returns, along with Customer 10's W-2 wages and income tax withholdings:

Tax Period	W-2 Wages	Income Tax Withheld	Schedule C Loss	Total Refund
2013	\$115,318	\$19,172	(\$51,778)	\$9,849
2014	\$115,687	\$18,789	(\$45,485)	\$7,914

Harm Caused by the Defendants

113. The Defendants' tax return preparation business has harmed their customers, the United States, and the public.

114. The Defendants have harmed their customers by charging fees for the preparation of accurate tax returns, while preparing tax returns with fabricated or exaggerated items that understate customers' tax liabilities and claim refunds to which the customers were not entitled. By doing so, the Defendants and/or their employees have caused their customers to incorrectly report their federal tax liabilities and underpay their taxes. If audited, these customers will likely face large tax deficiencies and may be liable for sizeable penalties and interest.

115. The United States is directly harmed by the loss of substantial tax revenue caused by the Defendants and/or their employees, who consistently underreport customers' tax liabilities and claim bogus refunds on behalf of their customers. During its investigation of the Defendants, the IRS audited 55 tax returns prepared at their stores. All 55 of these audits resulted in a tax deficiency, with an average tax deficiency per tax return of \$5,891 and a total

revenue loss of \$323,986. Given that the Defendants prepared over 8,000 tax returns from 2011 through 2017, the revenue loss the caused by the Defendants is likely far greater.

116. The Defendants' unlawful practices further harm the United States because the IRS must devote its limited resources to investigating the Defendants' ongoing activities. The IRS expends time and resources to ascertain the Defendants' customers' correct tax liabilities, recover any refunds erroneously issued, and collect any additional taxes and penalties.

117. In addition to the direct harm caused by preparing tax returns that understate customers' tax liabilities, the Defendants undermine compliance with the internal revenue laws by preparing flagrantly false tax returns to inflate their customers' refunds. The Defendants also undermine their customers' knowledge of proper tax preparation practices by failing to review or explain entries on the customers' tax returns, asking customers to sign blank documents, and not providing customers with complete copies of their returns.

118. The Defendants' illegal conduct also causes intangible harm to honest tax return preparers because by preparing tax returns that inflate their customers' refunds (albeit, unlawfully), the Defendants gain an unfair competitive advantage over tax return preparers who prepare returns in accordance with the law. Customers who are satisfied with the tax refunds that they receive—but are often unaware of Defendants' illegal return preparation practices—return to Defendants' stores for subsequent tax seasons.

119. Given the seriousness and pervasiveness of the Defendants' illegal conduct, the Defendants and their employees are likely to continue preparing false tax returns for customers unless they are enjoined. An injunction will serve the public interest by putting a stop to the Defendants' illegal practices and the extensive harm resulting therefrom.

COUNT I: INJUNCTION UNDER 26 U.S.C. § 7407

120. The United States incorporates by reference the allegations in paragraphs 1 through 119.

121. Section 7407 of the Internal Revenue Code authorizes a district court to enjoin a tax return preparer from, *inter alia*, engaging in conduct subject to penalty under 26 U.S.C. § 6694 or § 6695. Additionally, if the court finds that a preparer has continually or repeatedly engaged in such conduct and that a narrower injunction (i.e., prohibiting only such specific conduct) would not be sufficient to prevent that person's interference with the proper administration of the internal revenue laws, the court may enjoin the person from further acting as a tax return preparer. The prohibited conduct justifying an injunction includes, among other things, the following:

- A. Engaging in conduct subject to penalty under 26 U.S.C. § 6694(a), which penalizes a return preparer who prepares a return or claim for refund that contains an unreasonable position and the return preparer knew (or reasonably should have known) of the position;
- B. Engaging in conduct subject to penalty under 26 U.S.C. § 6694(b), which penalizes, among other conduct, a return preparer who recklessly or intentionally disregards IRS rules or regulations;
- C. Engaging in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws. *See* 26 U.S.C. § 7407(b)(1)(D).

122. Section 7701(a)(36) of the Internal Revenue Code defines "tax return preparer" to include not only the individual who physically prepares a tax return for compensation, but also anyone "who employs one or more persons" to prepare tax returns for compensation.

123. The Defendants, as shown in paragraphs 1 through 119 above, are tax return preparers who have repeatedly and continually prepared or submitted tax returns that contain unreasonable positions and substantially understate the tax liability. The Defendants and/or their

employees regularly fabricate information on customers' tax returns and thus prepare tax returns asserting unreasonable positions. The Defendants knew (or should have known) of the unreasonable positions repeatedly asserted on their customers' tax returns in violation of 26 U.S.C. § 6694(a).

124. The Defendants and/or their employees repeatedly and continually willfully filed false tax returns in violation of 26 U.S.C. § 6694(a) and/or filed tax returns in reckless disregard of the tax rules or regulations in violation of 26 U.S.C. § 6694(b).

125. The Defendants also repeatedly and continually violated 26 U.S.C. § 6695(a), which requires that a tax return preparer provide a copy of the completed tax return to the taxpayer.

126. The Defendants' rampant violations of 26 U.S.C. §§ 6694 and 6695 fall within 26 U.S.C. § 7407(b)(1)(A). Accordingly, injunctive relief is appropriate under 26 U.S.C. § 7407.

127. The Defendants' deceptive conduct substantially interferes with the proper administration of the internal revenue laws for purposes of 26 U.S.C. § 7407(b)(1)(D). Accordingly, injunctive relief is appropriate under 26 U.S.C. § 7407.

128. Further, such continual and repeated violations of the internal revenue laws—including the audacious use of fictitious Schedule C businesses and bogus claims for education credits, fuel tax credits, and IRA contribution deductions—underscore that a narrow injunction prohibiting only specific conduct would be insufficient to prevent the Defendants' interference with the proper administration of the internal revenue laws. The Defendants continued to create fake Schedule C businesses and claim false credits and deductions even after they knew that Pickett Jr. was under investigation by the IRS for his tax return preparation practices.

129. If they are not fully enjoined, the Defendants are likely to continue to prepare and file false tax returns, causing economic harm to the United States; requiring the United States to commit finite and unrecoverable resources to the examination of the Defendants' customers' returns; and exposing such customers to large liabilities that include penalties and interest. Thus, the Defendants should be permanently barred from acting as federal tax return preparers under 26 U.S.C. § 7407(b)(2).

COUNT II: INJUNCTION UNDER 26 U.S.C. § 7408

130. The United States incorporates by reference the allegations in paragraphs 1 through 129.

131. Section 7408(c)(1) of the Internal Revenue Code authorizes a district court to enjoin any person from engaging in conduct subject to penalty under 26 U.S.C. § 6701 if injunctive relief is appropriate to prevent recurrence of such conduct.

132. Section 6701(a) of the Internal Revenue Code penalizes any person who aids or assists in, procures, or advises with respect to the preparation or presentation of a federal tax return, refund claim, or other document knowing (or having reason to believe) that it will be used in connection with any material matter arising under the internal revenue laws and knowing that if it is so used, it will result in an understatement of another person's tax liability. Under 26 U.S.C. § 6701(c)(1), the term "procures" includes "ordering (or otherwise causing) a subordinate to do an act," as well as "knowing of, and not attempting to prevent, participation by a subordinate in an act."

133. The Defendants prepare tax returns that they know or should know will understate their customers' correct tax liabilities. The Defendants knowingly prepare federal tax returns that claim false or inflated EITCs, fuel tax credits, and education credits. They also knowingly

create fictitious Schedule C businesses and report fabricated profits or losses. The Defendants are thus subject to penalty under 26 U.S.C. § 6701(a).

134. The Defendants have engaged in this conduct in preparing thousands of returns over multiple years. If the Court does not enjoin the Defendants, they are likely to continue to engage in conduct subject to penalty under 26 U.S.C. § 6701. Injunctive relief is therefore appropriate under 26 U.S.C. § 7408.

COUNT III: INJUNCTION UNDER 26 U.S.C. § 7402

135. The United States incorporates by reference the allegations in paragraphs 1 through 134.

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

137. The Defendants have engaged in conduct that substantially interferes with the enforcement of the internal revenue laws.

138. Unless enjoined, the Defendants are likely to continue to engage in such improper conduct and interfere with the enforcement of the internal revenue laws. If the Defendants are not enjoined, the United States will suffer irreparable injury by wrongfully issuing federal tax refunds to individuals not entitled to receive them, many of which the United States may never discover or recover. 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 the customers' liability or overstating their refund.

139. Enjoining the Defendants is in the public interest because an injunction, backed by the Court's contempt powers if needed, will stop the Defendants' illegal conduct and the harm

it causes the United States. The Court should therefore impose injunctive relief under 26 U.S.C. § 7402(a).

Relief Sought

WHEREFORE, Plaintiff, the United States of America, prays for judgment on Counts I through III of the complaint as follows:

A. That the Court find that Fred Pickett Jr., Jalisa Steele, Fred Pickett III, Five Star Tax Agency, LLC, Five Star Financial Services, Inc., and Millenium Tax Professionals, Inc. (collectively, the “Defendants”) have continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. §§ 6694 and 6695 and have continually and repeatedly engaged in other deceptive conduct that substantially interferes with the proper administration of the tax laws, and that injunctive relief is appropriate under 26 U.S.C. § 7407 to bar them from acting as federal tax return preparers or operating any business that prepares federal tax returns to prevent recurrence of that conduct;

B. That the Court find that the Defendants have engaged in conduct subject to penalty under 26 U.S.C. § 6701, and that injunctive relief is appropriate under 26 U.S.C. § 7408 to prevent recurrence of that conduct;

C. That the Court find that the Defendants engaged in conduct that substantially interferes with the enforcement of the internal revenue laws, and that injunctive relief is appropriate to prevent the recurrence of that conduct, pursuant to the Court’s inherent equity powers and 26 U.S.C. § 7402(a);

D. That the Court, pursuant to 26 U.S.C. §§ 7402, 7407, and 7408, enter a permanent injunction prohibiting the Defendants from:

1. acting as federal tax return preparers or requesting, assisting in, or directing the preparation or filing of federal tax returns, amended returns,

or other related documents or forms for any person or entity other than themselves;

2. owning, operating, managing, working in, investing in, providing capital or loans to, receiving fees or remuneration from, controlling, licensing, consulting with, or franchising a tax return preparation business;
3. training, advising, counseling, instructing, or teaching anyone about the preparation of federal tax returns;
4. creating or providing cheat sheets, memoranda, directions, instructions, or manuals, pertaining to the preparation of federal tax returns
5. maintaining, transferring, assigning, holding, using, or obtaining a Preparer Tax Identification Number (PTIN) or an Electronic Filing Identification Number (EFIN);
6. selling, transferring, assigning, disseminating, providing, or giving to any individual or entity a list of customers, or any other customer information of the Defendants or any individual acting at the Defendants' direction;
7. selling, transferring, assigning, disseminating, providing, or giving to any current manager, tax return preparer, employee, or independent contractor a list of customers, or any other customer information, of the Defendants or any individual acting at the Defendants' direction;
8. engaging in any other activity subject to penalty under 26 U.S.C. §§ 6694, 6695, 6701, or any other penalty provision in the Internal Revenue Code; and
9. engaging in any conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws.

E. That the Court, pursuant to 26 U.S.C. § 7402, enter an injunction requiring the Defendants, at their own expense, to:

1. Immediately and permanently close all tax return preparation stores that Defendants own through any entity, whether those stores do business as Millenium Tax, Five Star Financial Services, Five Star Tax Agency or under any other name;
2. Send by U.S. mail a copy of the final injunction entered against them in this action and the notice referenced below in paragraph 4 to each person for whom they prepared federal tax returns or any other federal tax forms after January 1, 2011;

3. Prominently post in the store window where tax returns were prepared by any Defendant a notice with dimensions of at least 12 by 24 inches, to be provided by the United States, stating that a United States District Court has ordered the Defendants are permanently prohibited by law from preparing tax returns for others from the date of entry of the order;
 4. Publish in a local daily circulation newspaper 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 District 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;
 5. Produce to counsel for the United States, within 30 days of the Court's order, a list that identifies by name, social security number, address, e-mail address, and telephone number and tax period(s) all persons for whom Defendants and their managers, employees, and tax return preparers prepared federal tax returns beginning in 2011 and continuing through this litigation;
 6. Produce to counsel for the United States, within 30 days of the Court's order, a list that identifies by name, address, e-mail address, and telephone number all principals, officers, managers, franchisees, employees, and independent contractors of the Defendants from 2011 to the present;
 7. Provide a copy of the Court's order to all principals, officers, managers, franchisees, employees, and independent contractors of the Defendants within 15 days of the Court's order, and provide to counsel for the United States within 30 days a signed and dated acknowledgment of receipt of the Court's order for each person to whom the Defendants provided a copy of the Court's order;
 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 G, below;
 9. File with the Court, within 45 days of the date on which the permanent injunction is entered, a sworn certificate evidencing the Defendants' compliance with the foregoing directives;
- F. That the Court, without further proceedings, authorize the IRS to immediately revoke any EFIN and PTIN held by, assigned to, or used by the Defendants;
- G. 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;

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

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

Dated: May 10, 2017

Respectfully submitted,

DAVID A. HUBBERT
Acting Assistant Attorney General

s/ Alison A. Yewdell
ALISON A. YEWDELL
New York Bar #: 4902144
CASEY S. SMITH
Connecticut Bar #: 436378
Trial Attorneys, Tax Division
U.S. Department of Justice
P.O. Box 7238, Ben Franklin Station
Washington, D.C. 20044
Telephone: (202) 514-6508 (Yewdell)
Telephone: (202) 307-0715 (Smith)
Fax: (202) 514-6770
Alison.A.Yewdell@usdoj.gov
Casey.S.Smith@usdoj.gov

Of Counsel:

BENJAMIN G. GREENBERG
Acting United States Attorney