

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

-vs.-

Case no. 15-11224

DENISE POPE, A/K/A DENISE MILLER,
individually and doing business as
CDP TAX SERVICES, INC.,
CDP ACCOUNTING SERVICE, PC, doing
business as CDP TAX, and UNEEK BUSINESS
SOLUTIONS; CDP TAX SERVICES, INC.;
CDP ACCOUNTING SERVICE, PC, doing
business as CDP TAX; and JANISE JONES

Defendants.

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF

The United States of America, at the request of the Chief Counsel of the Internal Revenue Service, a delegate of the Secretary of the Treasury, and at the direction of a delegate of the Attorney General, brings this action for a permanent injunction barring defendants Denise Pope, a/k/a Denise Miller, individually and doing business as CDP Tax Services, Inc., CDP Accounting Service, PC, doing business as CDP Tax, and Uneek Business Solutions; CDP Tax Services, Inc.; CDP Accounting Service, PC, doing business as CDP Tax; Janise Jones; and anyone in active concert or participation with them, from acting as federal tax return preparers and from engaging in conduct subject to penalty under the Internal Revenue Code (“I.R.C.”) (26 U.S.C.).

Jurisdiction and Venue

1. Jurisdiction is conferred on this Court pursuant to 28 U.S.C. §§ 1340 and 1345 and I.R.C. §§ 7402(a), 7407, and 7408.

2. Venue is proper in the Eastern District of Michigan pursuant to 28 U.S.C. § 1391 because the defendants reside in the district and a substantial part of the activities giving rise to this suit took place in the district.

Defendants' Tax Preparation Activities

3. Denise Pope ("Pope") is a tax return preparer who has prepared federal income tax returns since at least 2008.

4. Janise Jones ("Jones") is a tax return preparer and daughter of Pope who has prepared federal income tax returns since at least 2012.

5. CDP Accounting Service, PC ("CDP Accounting"), d/b/a CDP Tax, was registered as a corporation with the state of Michigan on or about May 28, 2010, doing business at 55 E. Long Lake Road, #528, Troy, MI 48085. CDP Accounting's initial corporate filings identify Pope as the incorporator and resident agent.

6. CDP Tax Services, Inc. ("CDP Tax Services") was registered as a corporation with the state of Michigan on or about March 1, 2012, doing business at 2328 E. 7 Mile Road, Suite 6, Detroit, MI 48234. Although CDP Tax Services' initial corporate filings identify Sheryl C. Pruitt as the incorporator, recent CDP Tax Services corporate filings identify Pope as the incorporator, President, and resident agent.

7. Over the last several years, Pope has prepared tax returns using several different Employer Identification Numbers ("EIN") and several different business entity names. From 2009-2013 Pope prepared and filed tax returns under EINs assigned to either CDP Tax Services or CDP Accounting, or to her sole proprietorship, Uneek Business Solutions. While operating her tax preparation businesses using these entities, Pope has employed other preparers and various family members to help prepare income tax returns.

8. As a result of a criminal investigation of Pope and Jones, the IRS revoked the electronic filing identification numbers (“EFIN”) – the number a preparer needs to electronically file a return – for CDP Accounting and Uneek Business Solutions on August 24, 2011.

9. On information and belief, after the EFINs for Uneek Business Solutions and CDP Accounting were revoked, Pope caused another EFIN application to be submitted on December 19, 2011, for CDP Tax Services, naming Ms. Pruitt as a primary contact and responsible official.

10. According to IRS records, Pope prepared, using her various business entities, at least 274 returns in 2011; 585 returns in 2012; and 432 returns in 2013. In 2014, Pope prepared at least 411 returns, all of which were filed using the EIN assigned to CDP Tax Services. As of February 23, 2015, Pope had prepared at least 123 returns for the 2015 processing year using the EIN assigned to CDP Tax Services.

11. Jones has prepared and filed tax returns using the EIN assigned to CDP Tax Services since at least 2012. According to IRS records, Jones prepared at least 682 tax returns for customers in 2012 and 2013. In 2014, Jones prepared at least 360 returns. As of February 23, 2015, Jones had prepared at least 170 returns for the 2015 processing year.

12. According to IRS records, the EIN assigned to CDP Tax Services was used to file at least 982 returns in 2012; 932 returns in 2013; and 984 returns in 2014. As of February 23, 2015, at least 424 returns had been filed for the 2015 processing year using the EIN registered to CDP Tax Services.

13. According to IRS records, the EIN assigned to CDP Accounting was used to file at least 21 returns in 2010; 1211 returns in 2011; 31 returns in 2012; and 5 returns in 2013.

14. According to IRS records, the EIN assigned to Uneek Business Solutions was used to file at least 612 returns in 2010 and 24 returns in 2011.

False and Fraudulent Tax Return Schemes used by Defendants

15. The IRS completed examinations of 87 individual income tax returns (for 41 different customers) that Pope, Jones, or one of Pope's business entities prepared for tax years 2008, 2009, 2010, 2011, and 2012. The IRS selected returns that it determined had a high probability of underreporting the taxpayers' tax liabilities. Of these 87 returns, 85 were found to have false claims, and the total tax deficiency for these returns was \$461,463.63. Because the IRS examined just a portion of the returns prepared by the defendants, it is likely that the harm done to the United States by defendants' fraudulent tax return preparation far exceeds \$460,000.

16. The IRS examinations revealed that the individual income tax returns that Pope and Jones prepare frequently claim fabricated or inflated Schedule A deductions, fabricated Schedule C income and expenses, and other fabricated deductions and credits, such as the Earned Income Tax Credit and the American Opportunity Tax Credit.

Bogus Schedule A Deductions

17. Pope and Jones report bogus Schedule A deductions to fraudulently reduce their customers' taxable income. For example, on tax returns that they prepare, Pope and Jones fabricate (or falsely inflate) charitable contributions, mortgage interest, and other miscellaneous expenses. Pope and Jones also prepare tax returns for customers that include false claims for purported unreimbursed employee business expenses, either by fabricating these expenses or by claiming non-qualifying business expenses, such as costs related to commuting between the taxpayer's residence and place of employment. Of the 87 returns examined, 31 reported false or unsubstantiated charitable contributions, and 28 reported false or non-qualifying unreimbursed employee business expenses.

18. For example, Pope prepared the 2010 federal income tax return and Jones the 2011 federal income tax return for married customers S.B. and S.B. Pope falsely claimed on the 2010 returns that the Bs had \$33,762 in itemized deductions, and Jones falsely claimed on the 2011 return that the Bs had \$22,904 in itemized deductions. Pope and Jones falsely reported that the Bs made \$6,000 in cash charitable contributions in both 2010 and 2011, and \$5,035 in non-cash charitable contributions in 2010, and \$5,000 in non-cash charitable contributions in 2011. In fact, the Bs did not make charitable contributions in those amounts, and they did not tell Pope or Jones that they had done so. Rather, during the IRS examination of their returns, the Bs estimated that in 2010 and 2011 they contributed between \$500 and \$1,000. Pope and Jones also falsely claimed the Bs had unreimbursed employee business expenses in the amounts of \$13,500 and \$4,260 for 2010 and 2011, respectively. In fact, these amounts represented Mr. B's nondeductible commuting expenses between his residence and place of employment. As a result of these and other fraudulent claims, Pope and Jones claimed bogus refunds for the Bs of \$9,362 and \$9,092 in 2010 and 2011, respectively.

19. On the 2011 federal income tax return for J.C., Pope falsely claimed unreimbursed employee business expenses for J.C.'s work-related travel. J.C.'s employer reimbursed J.C. for those expenses, however, and J.C. informed Pope of that fact. As a result of this and other fraudulent claims, Pope claimed a bogus refund in the amount of \$5,480 on J.C.'s 2011 income tax return.

20. Pope also prepared the 2008, 2009, and 2010 federal income tax returns for N.T. Pope falsely inflated the amounts of the mortgage insurance premiums paid by N.T., reporting amounts of \$1,522 for 2008; \$1,522 for 2009; and \$2,320 for 2010. The Forms 1098 that N.T. provided to Pope showed that N.T. actually paid \$434 in 2008; \$434 in 2009; and \$425 in 2010.

Pope also falsely inflated the amounts of charitable contributions made by N.T., reporting amounts of \$5,527 for 2008; \$5,450 for 2009; and \$5,100 for 2010. N.T. did not tell Pope to report those amounts, nor did N.T. furnish or offer to furnish receipts or information supporting those amounts. In fact, during the IRS examination of her returns, N.T. estimated that she contributed only \$2,400 in charitable contributions per year. As a result of these and other fraudulent claims, Pope claimed for N.T. bogus refunds of \$2,688 in 2008; \$3,690 in 2009; and \$4,681 in 2010.

21. Jones prepared the 2011 federal income tax returns for married customers T.P. and M.P. Jones falsely reported on the 2011 return that the Ps had \$51,775 in itemized deductions, \$27,000 of which was based on inflated charitable contributions. Specifically, Jones reported two non-cash donations (dated 3/12/11 and 12/24/11) of furniture, clothes, electronics, and jewelry to the Salvation Army, valued at \$5,000 each, and another non-cash donation (dated 7/30/11) of a panel door to Habitat for Humanity, also valued at \$5,000. In fact, the Ps did not make charitable contributions in those amounts, and they did not tell Jones that they had done so. Rather, during an IRS examination of their return, Mr. P. stated to IRS that he contributed only two bags of clothing to the Salvation Army worth between \$75 and \$100 each, and that the donation to Habitat for Humanity was four doors worth approximately \$50 each. In addition, Mr. P. submitted to IRS receipts (listing the same dates as those on the return) substantiating the three non-cash donations and confirming Mr. P.'s description of the Salvation Army donations as two bags of clothing. Mr. P. also noted that the retail cost of the doors was, at most, \$125 each. As a result of these inflated charitable contributions and other fraudulent claims, Jones claimed for the Ps a bogus refund of \$16,074 in 2011.

Bogus Schedule C Business Income and Expenses
Bogus Business Expenses

22. Pope and Jones also prepare tax returns reporting bogus business expenses on Forms Schedule C in order to fraudulently reduce their customers' taxable income. Of the 87 returns examined, 25 claimed false Schedule C expenses.

23. For example, in preparing the 2010 income tax return for J.C., referenced in paragraph 19 above, Pope fabricated a Schedule C real estate business, reporting no income and \$11,998 in expenses. J.C. did not own or operate a Schedule C business and he informed Pope that he did not operate a business. Moreover, J.C. did not furnish or offer to furnish Pope any information or receipts supporting the amounts of the business expenses fraudulently claimed by Pope on the return. As a result of this and other fraudulent claims, Pope claimed a bogus refund in the amount of \$5,201 on J.C.'s 2010 income tax return.

24. Pope also prepared the 2010 income tax return for C.S. In order to fraudulently reduce C.S.'s taxable income, Pope inflated C.S.'s expenses associated with landscaping services C.S. provided to four of his neighbors. Specifically, Pope reported total Schedule C expenses of \$7,328, including, among other things, "office expenses" of \$950, "repairs and maintenance" costs of \$1,680, and "cost of goods sold" of \$3,930. During an IRS examination of his return, C.S. estimated that his expenses were around \$170 for that year, and he stated that he did not have an office or any repair costs. C.S. did not tell Pope that he incurred the expenses listed on his return, nor did C.S. furnish or offer to furnish any information or receipts supporting the amounts of the business expenses fraudulently claimed by Pope on the return. In addition, Pope failed to report \$800 in gross receipts related to C.S.'s landscaping business. As a result of this and other fraudulent claims, Pope claimed a bogus refund in the amount of \$3,448 on C.S.'s 2010 income tax return.

25. Jones prepared the 2010 and 2011 income tax returns for J.P. In order to fraudulently reduce J.P.'s taxable income, Jones fabricated a Schedule C business and fraudulently reported \$16,495 and \$8,307 in expenses for 2010 and 2011, respectively. J.P. did not operate or own a Schedule C business, nor did he furnish or offer to furnish any information or receipts supporting the amounts of the business expenses fraudulently claimed by Jones on the return. During an IRS examination of his returns, J.P. stated he did not understand why a Schedule C business was reported on his return. As a result of this and other fraudulent claims, Jones claimed a bogus refund for J.P. in the amount of \$7,840 and \$9,280 in 2010 and 2011, respectively.

Bogus Earned Income Tax Credit Claims

26. In some instances, Pope and Jones reported bogus business expenses that reduced their customers' earned income to an amount that allowed the customer to fraudulently increase the amount of the Earned Income Tax Credit ("EITC") to which the customer was entitled.

27. EITC is a refundable tax credit available to certain individuals who earn less than a specified amount. The amount of the credit is based on the taxpayer's income, filing status, and claimed number of dependents, and in most circumstances a taxpayer with less income receives a greater EITC. *See* 26 U.S.C. § 32. For example, for the 2014 tax year, EITC was available only to those individuals who made less than \$14,590 (\$20,020 if married filing jointly) if the individual did not have qualifying children. With one qualifying child, the 2014 income limit increased to \$38,511 (\$43,941 if married filing jointly). Because EITC is a refundable credit, claiming EITC can reduce a taxpayer's federal tax liability below zero, entitling the taxpayer to a refund from the U.S. Treasury.

28. For example, Jones prepared the 2011 income tax return for C.D. In order to fraudulently reduce C.D.'s earned income – and thereby increase the EITC received by C.D. – Jones

fabricated a Schedule C business, reporting no income and \$4,846 in “car and truck expenses.” C.D. did not operate or own a Schedule C business, nor did she tell Jones that she operated a business. Moreover, C.D. did not furnish or offer to furnish Jones with any information or receipts supporting the amounts of the business expenses fraudulently claimed by Jones on the return. The only “car and truck expenses” C.D. incurred in 2011 were nondeductible commuting miles between C.D.’s residence and place of employment. The IRS determined that C.D. was legitimately entitled to an EITC of \$2,469 for 2011. Based on the fraudulent Schedule C, Jones fraudulently claimed an additional \$1,032 of EITC on C.D.’s 2011 income tax return.

29. For the 2011 income tax return for L.M., Jones fabricated a Schedule C business, reporting no income and \$5,325 in “car and truck expenses.” L.M. did not operate or own a Schedule C business, nor did she tell Jones that she operated a business. Moreover, L.M. did not furnish or offer to furnish any information or receipts supporting the amounts of the business expenses fraudulently claimed by Jones on the return. The only “car and truck expenses” L.M. incurred in 2011 were nondeductible commuting miles between L.M.’s residence and place of employment. The IRS determined that L.M. was legitimately entitled to an EITC of \$2,774 for 2011. Based on the fraudulent Schedule C, Jones fraudulently claimed an additional \$1,116 of EITC on L.M.’s 2011 income tax return.

Bogus Business Income

30. EITC is statutorily limited to individuals with earned income (e.g., wages, salaries, or tips); an individual whose sole source of income is social security income, retirement income, unemployment benefits, or the like, does not qualify for EITC. To fraudulently qualify their customers for EITC, or fraudulently increase the EITC amount, another scheme Pope and Jones

use is to fabricate profitable Schedule C businesses to create income for their low- or no-income customers.

31. For example, Pope prepared, or caused to be prepared through CDP Tax Services, the 2010, 2011, and 2012 income tax returns for A.H. In 2010 and 2011, Pope fabricated a form Schedule C reporting income from a “home health care” business. A.H. did not operate or own a Schedule C business, and during an IRS examination of her returns, A.H. stated she did not know why the business was reported on her returns. In fact, A.H., who is disabled and receiving Social Security income based on her disability, actually receives home healthcare services. As a result of the bogus earned income, Pope fraudulently claimed other credits for A.H. as well, including the Making Work Pay credit and the Child tax credit. As a result of this fraudulent claim, Pope claimed a bogus refund for A.H. in the amount of \$3,886 and \$477, in 2010 and 2011, respectively. In 2012, Pope fraudulently reported W-2 income for A.H. in the amount of \$16,854. A.H. did not furnish or offer to furnish a W-2 for such income, nor did A.H. tell Pope that she was employed in 2012. In fact, A.H. has not worked since 2002 due to her disabilities. Based on this and other fraudulent claims, Pope claimed a bogus refund for A.H. in the amount of \$6,236 in 2012.

Bogus Education Credits

32. Pope and Jones also claim bogus education expenses and false refundable education credits, including the American Opportunity education credit, on customers’ federal income tax returns. Unlike many tax credits, a refundable tax credit entitles qualifying taxpayers to receive refunds even if they have no tax liability. Pope and Jones claim false education credits on the tax returns of customers who did not attend college and had no qualifying education expenses during the tax year in order to fraudulently reduce their customers’ taxable income and generate a larger

bogus refund. Sixty-seven of the 87 returns examined claimed education credits. IRS disallowed all 67.

33. For example, Pope claimed, or caused to be claimed through CDP Tax Services, bogus education credits on the 2010 tax return of A.H., referenced in paragraph 31 above. Pope claimed education credits in the amount of \$2,500 (based on purported \$4,000 in expenses), of which \$1000 was refundable. In 2010, A.H. had no education expenses and did not attend school. During an IRS examination of her return, A.H. stated she did not understand why education expenses were reported on her return and she did not know those expenses were included on the return until after the return was filed.

34. Pope also fabricated education credits on the 2008, 2009, 2010, and 2011 tax returns of C.S., referenced in paragraph 24 above. In 2008, Pope claimed education credits in the amount of \$1,800 (based on purported \$2,400 in expenses). In 2009, 2010, and 2011, Pope claimed education credits in the amount of \$2,500 (based on purported \$4,000 in expenses) for all three years, of which \$1,000 was refundable in all three years. C.S. had no education expenses and did not attend school for any of the years for which Pope filed returns, nor did C.S. tell Pope that he incurred any education expenses in the years at issue.

35. Pope also fabricated education credits on the 2008, 2009, and 2010 tax returns of N.T., referenced in paragraph 20 above. In 2008, Pope claimed education credits in the amount of \$410 (based on purported \$2,400 in expenses). Pope also claimed education credits in the amount of \$2,500 for 2009 and 2010 (based on purported \$4,000 in expenses for both years), of which \$1,000 and \$1,460 was refundable for 2009 and 2010, respectively. N.T. had no education expenses and did not attend school for any of the years for which Pope filed returns.

In fact, when Pope asked N.T. if she incurred any education expenses during the years at issue, N.T. informed Pope that she had not incurred any education expenses during those years.

36. Jones fabricated education credits on the 2011 federal income tax return of L.M., referenced in paragraph 29 above. Jones claimed education credits in the amount of \$2,125 (based on purported \$2,500 in expenses), of which \$850 was refundable. In 2011, L.M. and her dependents had no qualified education expenses, nor did L.M. tell Pope that she incurred any education expenses in 2011.

37. Jones also fabricated education credits on the 2010 and 2011 federal income tax returns of J.P., referenced in paragraph 25 above. Jones claimed education credits in the amount of \$2500 (based on purported \$4,000 in expenses) for both years, of which \$1,000 was refundable. J.P. had no education expenses and did not attend school in 2010 or 2011, nor did J.P. tell Jones that he incurred any education expenses in 2010 or 2011.

Harm to the United States

38. Defendants' customers have been harmed because they paid defendants fees to prepare proper tax returns, but defendants prepared returns that substantially understated their correct tax liabilities. For example, the IRS determined that of the 87 examined returns prepared by defendants from 2008 to 2012, all but two understate tax liability or claim false credits. Many customers now face large income tax deficiencies and may be liable for sizeable penalties and interest.

39. Defendants' conduct harms the United States because their customers are under-reporting and under-paying their correct tax liabilities based on false claims and deductions, as well as falsely claiming credits, including refundable credits, that fraudulently increase the refunds due to customers, even when those customers otherwise have no tax liability. According to IRS

records, the total tax loss from the 87 examined tax returns is over \$460,000. Because just a portion of defendants' returns were examined, however, it is likely that the harm done to the United States by defendants' fraudulent tax return preparation far exceeds \$460,000.

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

41. Defendants further harm the United States because the Internal Revenue Service must devote its limited resources to investigating defendants' tax return preparation, including ascertaining their customers' correct tax liabilities, recovering any refunds erroneously issued, and collecting any additional taxes and penalties.

42. Defendants also cause intangible harm to honest tax return preparers, because by preparing returns that falsely or fraudulently inflate their customers' refunds, they gain an unfair competitive advantage over tax return preparers who do not do so and who as a result may have fewer customers.

Count I

Injunction under I.R.C. § 7407

43. The United States incorporates by reference the allegations in paragraphs 1 through 42.

44. Section 7407 of the I.R.C. authorizes a district court to enjoin a tax return preparer from engaging in conduct subject to penalty under I.R.C. § 6694 or engaging in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws, if the court finds that the preparer has engaged in such conduct and that injunctive relief is appropriate to prevent the recurrence of the conduct. Additionally, if the court 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 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 federal income tax preparer.

45. I.R.C. § 6694 imposes a penalty on any tax return preparer who prepares any return or claim of refund with respect to which any part of an understatement of liability is due to (1) an unreasonable position that the preparer knew or should have reasonably known was unreasonable, (2) a willful attempt in any manner to understate the liability for tax on the return or claim, or (3) a reckless or intentional disregard of rules or regulations.

46. Pope and Jones have continually and repeatedly engaged in conduct subject to penalty under I.R.C. § 6694 by preparing federal tax returns that understate their customers' liabilities based on (1) unreasonable, unrealistic, or frivolous positions which Pope and Jones knew or reasonably should have known were unreasonable, unrealistic, or frivolous, (2) willful attempts to understate the liability for tax on returns they prepare, and (3) a reckless or intentional disregard of rules or regulations.

47. Pope and Jones's continual and repeated violations of I.R.C. § 6694 fall within I.R.C. § 7407(b)(1)(A) and (D), and thus are subject to an injunction under I.R.C. § 7407.

48. If they are not enjoined, Pope and Jones are likely to continue to prepare and file false and fraudulent tax returns.

49. Pope and Jones's continual and repeated conduct subject to an injunction under I.R.C. § 7407, including their continual and repeated misapplication of credits, expenses, and deductions, demonstrates that a narrow injunction prohibiting only specific conduct would be insufficient to prevent Pope and Jones's interference with the proper administration of the internal revenue laws. Thus, the Court should permanently enjoin Pope and Jones from acting as return preparers.

Count II

Injunction under I.R.C. § 7408

50. The United States incorporates by reference the allegations in paragraphs 1 through 49.

51. Section 7408 of the I.R.C. authorizes a district court 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.

52. Section 6701(a) of the I.R.C. 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.

53. Defendants prepare federal tax returns for customers that they know will understate their customers' correct tax liabilities by claiming, among other things, fabricated or inflated charitable deductions and other false form Schedule A deductions, credits for false education expenses, false claims for EITC, and fabricated form Schedule C business expense deductions. Pope and Jones's conduct is thus subject to a penalty under I.R.C. § 6701.

54. If the Court does not enjoin defendants, they are likely to continue to engage in conduct subject to penalty under I.R.C. § 6701. Injunctive relief is therefore appropriate under I.R.C. § 7408.

Count III

Injunction under I.R.C. § 7402(a)

55. The United States hereby incorporates by reference the allegations in paragraphs 1 through 54.

56. Section 7402(a) of the I.R.C. authorizes a district court to issue orders of injunction as may be necessary or appropriate for the enforcement of the internal revenue laws.

57. Defendants, through the actions described above, have engaged in conduct that substantially interferes with the enforcement of the internal revenue laws.

58. Unless enjoined, defendants are likely to continue to engage in such improper conduct and interfere with the enforcement of the internal revenue laws. If defendants are not enjoined from engaging in fraudulent and deceptive conduct, the United States will suffer irreparable injury by wrongfully providing federal income tax refunds to individuals not entitled to receive them, as well as expending time and resources to identify the individuals, determine their proper federal tax liabilities, and recover the erroneous refunds from them, if possible.

59. Enjoining defendants is in the public interest because an injunction, backed by the Court's contempt powers if needed, will stop defendants' illegal conduct and the harm it causes their customers, the public, and the United States.

60. Thus, the Court should impose injunctive relief under 26 U.S.C. § 7402(a).

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

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

B. That the Court, pursuant to I.R.C. § 7407, enter a permanent injunction prohibiting Pope and Jones from acting as federal tax return preparers;

C. That the Court find that defendants have engaged in conduct subject to a penalty under I.R.C. § 6701, and that injunctive relief under I.R.C. § 7408 is appropriate to prevent a recurrence of that conduct;

D. That the Court find that defendants have engaged in conduct that interferes with the enforcement of the internal revenue laws, and that injunctive relief is necessary and appropriate to prevent the recurrence of such conduct pursuant to the Court's inherent equitable powers and I.R.C. § 7402(a);

E. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter a permanent injunction prohibiting Pope, Jones, CDP Tax Services, CDP Accounting, Uneek Business Solutions, and any other entity through which Pope and Jones prepare and file tax returns, and all those in active concert or participation with them, from directly or indirectly:

- (1) Preparing or filing, or assisting in preparing or filing, any federal tax return, amended return, or other federal tax documents or form for any person other than herself;
- (2) Representing any person before the IRS, or advising, assisting, counseling, or instructing anyone about preparing a federal tax return;
- (3) Employing any person who prepares or files, or assists in preparing or filing, any federal tax return, amended return, or other federal tax documents or form for any person;
- (4) Engaging in conduct subject to penalty under I.R.C. § 6694 and 6701;
- (5) Maintaining, assigning, holding, using, or obtaining a Preparer Tax Identification Number or an EFIN.
- (6) Having an ownership interest in an entity that is in the business of preparing federal tax returns or other federal tax documents or forms for other persons or

representing any person before the IRS, or advising, assisting, counseling, or instructing anyone about preparing a federal tax return;

(7) Advertising tax return preparation services through any medium, including the internet and social media; and

(8) Engaging in any conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws;

F. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an order requiring Pope and Jones to contact, within fifteen days of the Court's order, by United States mail and, if an e-mail address is known, by e-mail, all persons for whom they prepared federal tax returns, amended tax returns, or claims for a refund for tax years beginning in 2008 and continuing through this litigation, to inform those persons of the permanent injunction entered against defendants, including sending a copy of the order of permanent injunction, with no other enclosures unless approved by the Department of Justice or the Court;

G. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an order requiring Pope and Jones to 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, telephone number, and tax period(s) all persons for whom they prepared federal tax returns or claims for a refund for tax years beginning in 2008 and continuing through this litigation;

H. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an order requiring Pope and Jones, within 45 days of receiving the Court's order, to file a declaration, signed under penalty of perjury, confirming that they have received a copy of the court's order and complied with the terms described in Paragraphs F and G of this Complaint;

I. That the Court retain jurisdiction over Pope and Jones, and over this action to enforce any permanent injunction entered against Pope and Jones;

J. That the Court order that the United States be entitled to conduct discovery to monitor Pope and Jones's compliance with the terms of any permanent injunction entered against them; and

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

DATED: March 31, 2015

Respectfully submitted,

BARBARA L. MCQUADE
United States Attorney

CAROLINE D. CIRAOLO
Acting Assistant Attorney General

/s/ Jeremy L. Burkhardt

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