

IN THE UNITED STATES DISTRICT COURT FOR THE
MIDDLE DISTRICT OF FLORIDA

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
(1) KERNY PIERRE-LOUIS, individually)
and d/b/a LBS TAX SERVICES, GOLDEN)
FINANCIAL, INC., and FAMILY TAX)
ASSOCIATES, LLC;)
(2) JEHOAKIM VICTOR, individually and)
d/b/a LBS TAX SERVICES, FAMILY)
TAX ASSOCIATES, and)
JEHOAKIMVICTOR, LLC; and)
(3) LAURI B. RODRIGUEZ, individually)
and d/b/a LBS TAX SERVICES, FAMILY)
TAX ASSOCIATES, and)
LAURIRODRIGUEZ, LLC,)
)
Defendants.)
_____)

Civil No. 6:14-CV-1536-02L-406-JK

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF

The United States of America, for its complaint against: (1) Kerny Pierre-Louis, individually and doing business as LBS Tax Services, Golden Financial, Inc., and Family Tax Associates, LLC; (2) Jehoakim Victor, individually and doing business as LBS Tax Services, Family Tax Associates, and JehoakimVictor, LLC; and (3) Lauri B. Rodriguez, individually and doing business as LBS Tax Services, Family Tax Associates, and LauriRodriguez, LLC, alleges the following:

1. This is a civil action brought by the United States under 26 U.S.C. ("I.R.C.") §§ 7402, 7407, and 7408 to enjoin Kerny Pierre-Louis, Jehoakim Victor, Lauri Rodriguez, and anyone in active concert or participation with them, from:

- a. acting as a 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. preparing or assisting in preparing federal tax returns that they know or reasonably should know would result in an understatement of tax liability or the overstatement of federal tax refund(s) as penalized by I.R.C. § 6694;
 - c. owning, operating, managing, working in, controlling, licensing, consulting with, or franchising a tax return preparation business;
 - d. training, instructing, teaching, and creating or providing cheat sheets, memoranda, directions, instructions, or manuals, pertaining to the preparation of federal tax returns;
 - e. engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6695, 6701, or any other penalty provision in the I.R.C; and
 - f. engaging in any conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws.
2. This action also seeks, under I.R.C. § 7402, an order requiring Pierre-Louis to disgorge to the United States the proceeds that Pierre-Louis and his businesses received for the preparation of federal tax returns that make false or fraudulent claims.

Authorization

3. This action has been requested and authorized by the Chief Counsel of the Internal Revenue Service, a delegate of the Secretary of the Treasury, and commenced at the direction of a delegate of the Attorney General of the United States, pursuant to I.R.C. §§ 7402, 7407, and 7408.

Jurisdiction and Venue

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

5. Venue is proper in this Court under 28 U.S.C. § 1391(b)(1) because Defendants reside in this district, and all, or a substantial part, of the activities giving rise to this suit occurred in this judicial district.

Defendants

6. Kerny Pierre-Louis resides in Windermere, Florida. He graduated from Florida State University, Tallahassee, with a bachelor's degree, and has taken courses in finance and accounting. Pierre-Louis is the sole owner and president of Golden Financial, Inc., and of Family Tax Service, LLC. Both entities are organized in the State of Florida. Through these entities, Pierre-Louis owns and operates an LBS Tax Services franchise that, in 2013, consisted of approximately 12 tax return preparation stores in Florida and Texas.¹ In 2014, Pierre-Louis began operating another tax preparation company called Family Tax Associates.
7. Jehoakim Victor resides in Orlando, Florida, and is the sole owner of JehoakimVictor, LLC, an entity organized in the State of Florida. In 2013, Victor managed Pierre-Louis' LBS Tax Services store located at 10002 N. Nebraska Avenue, Tampa, Florida, and supervised and/or oversaw at least five other LBS Tax Service stores owned by Pierre-Louis.
8. Lauri Rodriguez resides in Tampa, Florida, and is the sole owner of LauriRodriguez, LLC, an entity organized in the State of Florida. In 2012, Rodriguez worked as a secretary at an LBS Tax Services store owned by Pierre-Louis. In 2013, Rodriguez managed Pierre-Louis' LBS Tax Services store located at 5610 Hanley Road, Tampa, Florida.
9. LBS Tax Services is a tax return preparation business that Walner G. Gachette franchises through Loan Buy Sell, Inc., a corporation organized in the State of Florida. In 2013, there were at least 239 LBS Tax Services stores in Florida, Georgia, North Carolina, South

¹ In 2013, Pierre-Louis owned and operated at least 11 LBS Tax Services stores in Florida and one in Texas.

Carolina, Tennessee, Alabama, Mississippi, and Texas. LBS Tax Services franchise stores prepared more than 55,000 federal income tax returns in 2013.

10. Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers, along with several other LBS franchisees and the LBS franchisor Walner G. Gachette, engage in pervasive tax fraud by making (and/or directing or encouraging others to make) false claims on their customers' tax returns, including: fabricating business income and expenses, claiming false itemized deductions, reporting bogus education credits, inflating federal withholding taxes, and engaging in other fraudulent activities aimed at maximizing their customers' refunds and, in turn, their fees.
11. Currently, the LBS franchise is operating primarily in the Southeastern region of the United States. But it is spreading rapidly. Its stated goal is to have 1,000 LBS tax return preparation stores operating throughout the United States by 2016. Consequently, if not enjoined, LBS's business model of fraudulent tax return preparation threatens to grow from a regional problem, to a nationwide epidemic.
12. This lawsuit is one of several suits being filed simultaneously by the United States of America against the LBS franchisor and many LBS franchisees, managers, preparers (and/or former LBS Tax Services franchisees, managers, and preparers operating under new business names) seeking injunctive relief under the Internal Revenue Code to stop LBS's systematic and pervasive fraud. The other cases filed on this date are: *United States v. Walner G. Gachette* (M.D. Fla.); *United States v. Douglas Mesadieu* (M.D. Fla.); *United States v. Jean R. Demesmin* (M.D. Fla.); *United States v. Demetrius Scott* (M.D. Fla.); *United States v. Jason Stinson* (M.D. Fla.); *United States v. Jacqueline Nunez* (M.D. Fla.); and *United States v. Wilfred Antoine* (S.D. Fla.).

13. On or about May 14, 2013, the State of Texas sued, among others, LBS Tax Services, Loan Buy Sell, Inc., and Golden Financial, Inc., in state court alleging that LBS offices in Houston “engaged in false, misleading, or deceptive acts or practices declared unlawful” in the Texas Deceptive Trade Practices Act. (*See State of Texas v. LBS Tax Service, et al.*, No. 2013-17062 (Harris County, Texas, 11th Judicial District)). Texas alleged that LBS “uses aggressive advertising techniques” and that its “advertisements guarantee the ‘maximum tax refund allowed’ for a fee of only \$75,” but that consumers “later learn” that LBS “withheld hundreds of dollars more from consumers’ tax refund than the amount originally quoted.” According to the complaint, LBS “used this scheme to fraudulently obtain thousands of dollars from consumers all over Harris County.”
14. Texas and Golden Financial, Inc., entered into an agreed partial judgment that Golden Financial, Inc., “its officers, agents, servants, employees, and any other person in active concert or participation with them, whether acting directly or through any trust, corporation, subsidiary, division, or other device, shall be permanently enjoined from engaging in the following acts or practices: Selling marketing, offering, promoting, distributing, or advertising tax preparation services ... to Texas consumers, either directly or indirectly, without prior written approval of the Office of the Attorney General of Texas.” Golden Financial, Inc., also agreed to judgment against it and in favor of Texas in the amount of \$50,000. The court entered the judgment on March 27, 2014.

Background & LBS Business Structure

15. LBS Tax Services (“LBS”) began in 2008 as a tax return preparation business in Orlando operated by Walner Gachette. In 2011, Gachette began franchising the LBS name to his employees to broaden his revenue base.

16. Pierre-Louis began working at one of Gachette's LBS locations in Orlando, Florida, in 2010.

His primary responsibilities involved marketing and soliciting customers for LBS.

17. By 2011, Pierre-Louis had been named District Sales Manager ("DSM") for one of Gachette's LBS stores in Tampa, Florida. To become a DSM, Pierre-Louis entered into an agreement with Loan Buy Sell, Inc., where he agreed to pay Gachette an initial fee of \$5,000, and to manage one of Gachette's LBS locations in Tampa. In exchange, Pierre-Louis received 25% of each tax preparation fee collected by the LBS location where he served as a DSM.

18. Pierre-Louis became an LBS franchisee in 2012. He, through Golden Financial, Inc.,² entered into a franchise agreement with Loan Buy Sell, Inc., to start an LBS franchise in Tampa, Florida. Pierre-Louis' franchise initially consisted of two (2) LBS tax preparation offices. The franchise agreement, titled a "General Independent Contractor Agreement," between Golden Financial, Inc., and Loan Buy Sell, Inc., defines the relationship between the parties. The agreement, as with many (if not all) other LBS franchisee agreements entered into by Loan Buy Sell, Inc., required Pierre-Louis to pay Gachette a \$5,000 franchising fee and an annual \$5,000 marketing fee for every LBS store that Pierre-Louis purchased, and \$50 "or more" in "service bureau" and "LBS transmittal" fees for each tax return filed. The terms disguise the nature of these fees from customers—there is no "service bureau," nor is there any "transmittal" cost. In 2013, these two fees combined totaled \$74 for each tax return filed.

19. Essentially, the \$5,000 franchise fee paid by Pierre-Louis (and other LBS franchisees) was for "buying" a zip code from LBS, as Gachette limits LBS franchisees to two stores per zip

² Pierre-Louis created Golden Financial, Inc., because Gachette requires that franchisees create limited liability entities through which they own their stores.

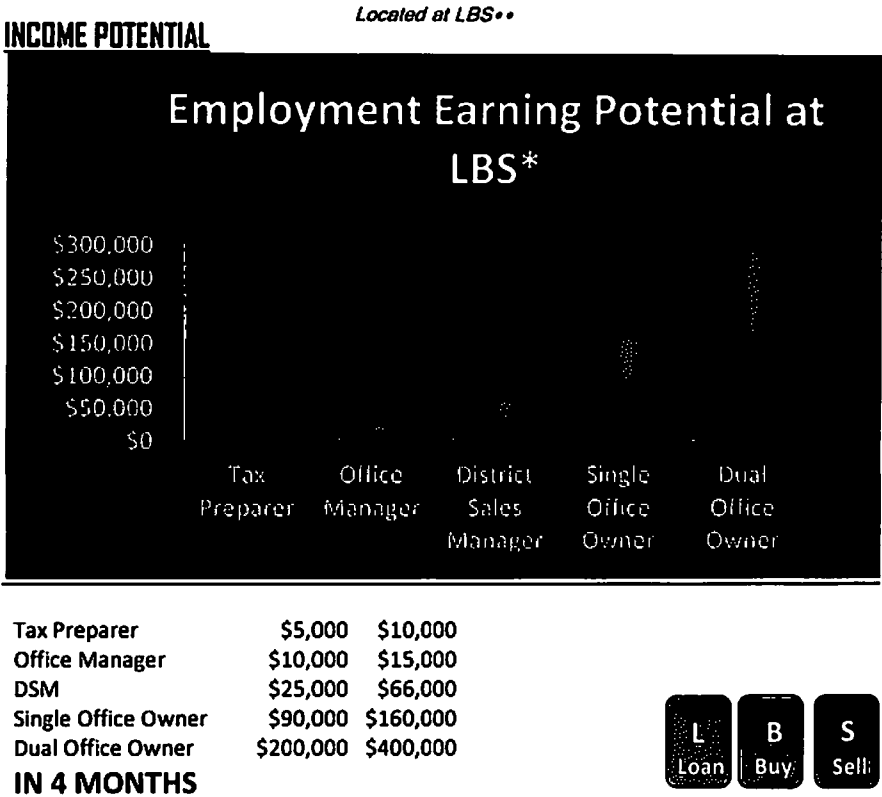
code. Gachette recommends zip codes to franchisees where he believes new LBS stores should be opened based on demographic studies. LBS seeks to have most, if not all, of its offices in areas with lower income taxpayers. The franchise agreement that Pierre-Louis and Gachette executed specifies which “Protected Zip Code[s]” Pierre-Louis obtained.

20. Franchisees, including Pierre-Louis, are required to use (and pay for) the LBS advertising and marketing created by Gachette. Franchisees select a marketing package that may include, among other things, business cards, flyers, and yard signs.

21. Pierre-Louis quickly expanded his LBS franchise. By 2013, only one year after starting his franchise, Pierre-Louis opened 10 additional LBS locations (for a total of 12 locations) that extend beyond Tampa, to Lakeland, Winter Haven, Orlando, Tallahassee, Miami, Hollywood, Fort Myers, and even across state lines into Texas.

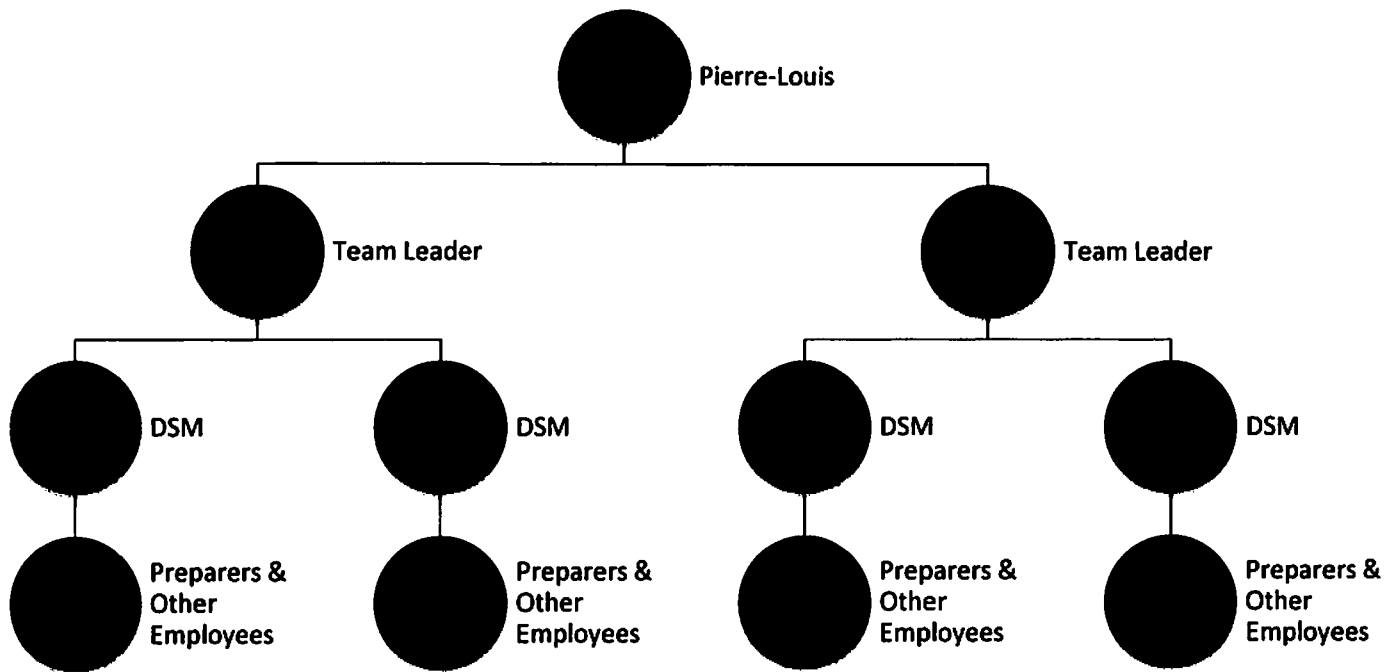
22. LBS lures prospective employees with promises of wealth and possible rapid advancement to the franchisee level. One recruiting advertisement for LBS uses a graph to show that for 4 months of work, LBS employees have the following earning potentials:

On-Site job training / Rapid advancement opportunity / Complimentary company
cell phone while employed /



Pierre-Louis' LBS Franchise Operation

23. Each of Pierre-Louis' individual LBS stores is managed by a District Sales Manager ("DSM"), each of whom works for Pierre-Louis. DSMs, in turn, oversee office managers, tax return preparers, marketers (employees whose sole job is to solicit customers), and other LBS employees. Pierre-Louis also has what he calls "team leaders." Team leaders are experienced DSMs who serve as an intermediary between Pierre-Louis and other DSMs. The chart below shows the hierarchical structure of Pierre-Louis' LBS franchise.



24. The DSMs and the tax return preparers that Pierre-Louis employs are not required to have any tax return preparation experience or knowledge of federal tax laws. Rather, the focus is on finding potential employees who have “customer service” experience.
25. According to LBS, an LBS tax preparer’s job is “60% outside marketing and 40% tax filing.” LBS’s emphasis on marketing, rather than tax return preparation, is apparent.
26. Pierre-Louis and his DSMs enter into contracts similar to the franchise agreements described above. Loan Buy Sell, Inc., is also a party to these contracts. Generally, the DSM contracts provide that payments are made to the DSM based on the number of customers at the DSM’s store; the more customers that a store secures, the greater the financial benefit to the DSM, including a \$3,000 bonus if the store secures more than 500 customers. DSMs are also required to pay a fee, varying from \$2,500 to \$5,000 or more. The fee amount that a DSM contributes is dependent on LBS’s classification of the DSM as a 15 percent, 25 percent, 70 percent, or other percentage stakeholder in the store that the DSM manages.

27. Defendant Jehoakim Victor entered into a “General Independent Contractor Agreement” with LBS and Golden Financial, Inc., on or around March 27, 2012, to become a DSM. Loan Buy Sell, Inc., was also a party to the agreement. According to the agreement, Victor was required to pay a \$5,000 “initial fee” to LBS, and perform “tax preparation and tax consulting services for LBS and Golden Tax Services, Inc. [i.e., Golden Financial, Inc.]” In exchange, Victor was to be paid a \$3,000 initial commission, and 25% of the gross tax preparation fees charged by the LBS location that he managed. The agreement also provided that if Victor’s store prepared more than 500 tax returns, he would receive a \$3,000 bonus.
28. In 2013, Victor was not only a DSM, but also a “team leader,” which required him to supervise/oversee the office where he worked and five other LBS stores owned by Pierre-Louis.
29. Defendant Lauri Rodriguez also entered into a “General Independent Contractor Agreement” with LBS and Golden Tax Services, Inc., (i.e., Golden Financial, Inc.) on or around March 27, 2012, to become a DSM. Loan Buy Sell, Inc., was also a party to the agreement. According to the agreement, Rodriguez was required to pay a \$5,000 “initial fee” to LBS and perform “tax preparation and tax consulting services for LBS and Golden Tax Services, Inc.” In exchange, Rodriguez was to be paid a \$3,000 initial commission and 25% of the gross tax preparation fees charged by the LBS location that she managed. The agreement provided that if Rodriguez’s store prepared more than 500 tax returns, she would receive a \$3,000 bonus.
30. After entering into these DSM agreements with Loan Buy Sell, Inc., and Golden Financial, Inc., Pierre-Louis’ DSMs, including Victor and Rodriguez, hire tax return preparers. Pierre-Louis’ DSMs, including Victor and Rodriguez, are purportedly required to train their tax

return preparers based on the purported training that the DSMs received from Pierre-Louis and from the LBS “training” in Orlando.

31. Pierre-Louis and his DSMs, including Victor and Rodriguez, also hire what they call “marketers” to solicit business on behalf of LBS.

32. Pierre-Louis’ LBS franchise uses tax return preparation software selected by Gachette, which automatically deducts the customers’ tax return preparation fees from the customers’ tax refunds. By mandating that LBS’s fees be deducted from refunds rather than requiring payment when the tax return is prepared, Gachette effectively requires that LBS prepare tax returns for customers that result in the customer receiving a tax refund, even in instances where legally the customer is not due a refund.

LBS Tax Services’ “Training” and Lack of Quality Control

33. LBS does not provide substantive tax law training. Gachette and other LBS-affiliated individuals provide week-long training to LBS franchisees and DSMs annually at an LBS facility in Orlando. This training focuses on LBS policies, particularly how to market to potential customers and solicit business, how to manage employees, and how to use the tax return preparation software.

34. Gachette holds frequent meetings and conference calls with franchisees, including Pierre-Louis, and DSMs. These meeting or calls may discuss, among other things, LBS policies, fees, and marketing. Gachette also provides copies of LBS’s training and policy materials to franchisees and DSMs who attend these meetings, in addition to having franchisees and DSMs give presentations. Gachette emails (or directs his assistants to email) the LBS training and policy materials to franchisees and DSMs to ensure that anyone who does not participate

in the in-person training or other meetings in Orlando has access to his training materials and copies of LBS's policies.

35. Pierre-Louis and his DSMs, including Victor and Rodriguez, train the tax return preparers employed at Pierre-Louis' individual LBS stores. This training focuses on marketing, data entry to prepare tax returns, and how to charge related fees to customers in accordance with LBS's policies.
36. Gachette, Pierre-Louis, and LBS actually train DSMs, including Victor and Rodriguez, and tax return preparers how to prepare tax returns fraudulently in order to falsely and improperly maximize customers' tax refunds. Pierre-Louis' DSMs and tax return preparers are specifically trained to increase the tax return preparation fees charged to LBS customers as they increase the customer's bogus refund.
37. For example, in October 2012, defendant Lauri Rodriguez attended a one-week LBS training in Orlando for DSMs. Rodriguez told the IRS that the training had a heavy emphasis on marketing and that DSMs were required to memorize a script to use on the public when soliciting business. She also told the IRS that at the Orlando LBS training, she and other DSMs were trained to "split" married couples (i.e., report a married taxpayer's filing status as single or head-of-household) to increase the customer's refund.
38. LBS also provides instruction sheets to DSMs and tax return preparers that direct the preparers to input specific information into the tax preparation software to create the maximum bogus refund for customers. LBS preparers follow the instruction sheet to report customers' income within a specific range on their tax returns, even if the customers' actual income and circumstances (married, having dependents) that they provide to the preparer conflicts with what the preparer inputs into the software. By following these instruction

sheets, LBS generates bogus refunds that customers are not entitled to. One such instruction sheet, frequently taped to the preparer's desk or on a wall next to the preparer's computer, indicated which boxes to check on the Earned Income Tax Credit checklist (IRS Form 8867) in order to make it appear as though the preparer complied with the "due diligence" requirements (discussed in more detail below) necessary to claim the credit (regardless of the information provided by customers and whether the customers actually qualify for the credit).

39. One LBS instruction sheet is brazenly captioned "Magic numbers." Preparers follow the instruction sheet, fabricating deductions on a Form 1040 Schedule A or creating bogus income or expenses on a Form 1040 Schedule C. The magic numbers sheet identifies the magic numbers as "16000-18000," and states that "anything lower then this you try to add income to get as close as possible" and "anything higher then this you try to take away income to get as close as possible."³ The magic numbers sheet includes an example, for a customer who earned \$3,000 in wages, instructing the LBS tax preparer in such a situation to "input an income of 10000 on sch c" in order to falsely report the customer's income as \$13,000. The sheet also instructs the preparer to report unemployment income as Form W-2 wages. A similar LBS instruction sheet includes the following: "**Magic range 16,000 to 18,000**"; "If made less than 10,000 goal is to increase income so client to get more money (add forms to get them more money) add Schc"; "**Made more than 24,000 you have to take income out so that you can get client more money. (add deductions) 2106, SchA.**"

³ All quotations in this complaint are copied exactly as they appear on the source document, including any spelling, punctuation, typographical, or grammatical errors.

(emphasis added.) The purpose of manipulating a customer's income in this manner is to falsely increase the amount of the Earned Income Tax Credit.

40. An LBS franchisee, Douglas Mesadieu, when deposed by the City of Orlando on August 26, 2013, testified that the "magic numbers would be how you can get – it's numbers where you can get the most amount for your client... [W]orking with numbers every day, you will know how to get your clients the max, you know how to get the least." Mesadieu further testified about "pushing numbers" to avoid detection from the IRS:

A lot of when I spoke about pushing numbers, you don't want to be in the sweet spot every time. You don't want to – because that's a – basically, I mean, that's a red flag. You cannot be in a sweet spot every time, so you know – you're aware of your sweet spot, and you don't want to put a return where your client is getting the max every time because it would implement (sic) that you have a pattern. It would implement that something is wrong. Sweet spot is just for people to actually know and understand what not to do on certain circumstances, or what they can do on other circumstances.

41. Pierre-Louis, Victor, and Rodriguez provide scripts directing their employees and/or subordinates how to interact with customers and potential customers. One script used by LBS informs customers that they will be receiving a refund, although not all customers legally qualify for a refund:

SCRIPT:

There are three things that I am going to do for you today

1. I'm going to enter you information into the system
2. I will tell you how much your refund will be and
3. I will look for more forms and ways to get you more money legally, ok?

42. LBS and Pierre-Louis fail to teach DSMs and tax return preparers crucial elements related to basic tax return preparation. For example, they provide no genuine instruction on the legal requirements to claim the Earned Income Tax Credit and the related due diligence

requirements, procedures for detecting fraudulent Forms W-2, and the methods to question customers who provide suspicious, false, or fraudulent information. To the contrary, Pierre-Louis, Victor, Rodriguez, and LBS affirmatively instruct their DSMs and preparers on how to prepare returns that improperly claim bogus refunds based on false claims, credits, and deductions and to maximize the fees extracted from those refunds.

43. Gachette and LBS franchisees (including Pierre-Louis) and employees give presentations to DSMs at the training in Orlando. DSMs are shown a power point presentation titled “Top 10 Things District Sales Managers Need to Know.” The top ten list does not include any training on tax law. The power point focuses on marketing, hiring employees, interacting with customers (including selling tax return preparation to “hesitant” customers through scripts and “rebuttals”), how to maintain and organize files, and what to wear and not wear in the office.

44. The scripts to talk to customers are the primary focus of the training provided to LBS employees. Pierre-Louis, Victor, Rodriguez, and LBS require their employees to memorize the scripts to solicit customers face-to-face and over the phone, and when preparing tax returns and attempting to coerce customers to agree to the inclusion of additional (and improper/false) IRS forms with, and bogus claims on, their tax returns. The purpose of these scripts is to solicit customers and, once those customers have come in the door, to run up the tax return preparation fees by attaching forms to the return at an additional charge to the customer. LBS includes bogus claims, credits, and deductions on these forms to generate a higher refund for the customer, and uses this higher refund to justify its additional tax return preparation fees.

45. As part of the training session, LBS gives DSMs, including Victor and Rodriguez, a “test.”

Pierre-Louis and other LBS franchisees are supposed to give the “test” to DSMs who cannot attend the training. The majority of the “test” and training is dedicated to marketing and soliciting business. The “test” also addresses LBS policies, such as how to maintain customer files and the fact that LBS’s tax return season “begins on December 26th.”

46. The training questions in the LBS “test” focus on data entry in the Drake software (the provider of the tax return preparation software that LBS licenses and uses to prepare LBS customers’ tax returns) and, in particular, how to input information on the forms that will generate the maximum (and bogus) refund for customers.

47. To the extent that the test addresses tax return preparation, the questions are very basic and, not surprisingly, the acceptable answers are not thorough and, occasionally, entirely incorrect.

48. The LBS “test” lists “Identification, Social Security Card, W-2, 1099” as the documents that a customer is purportedly required to provide to have their tax return prepared.

49. Pierre-Louis’ DSMs, including Victor and Rodriguez, in turn, are purportedly required to train the tax return preparers at their stores. However, the training slides in the top ten list power point presentation only pertain to marketing and Drake software. For example, the first slide regarding training, captioned “How to Train,” discusses teaching the “Appointment setting ‘on-the-spot’ script,” “Telephone script,” and “Presentation script” to employees. There is no instruction on how to convey to employees even basic tax law concepts, how to explain IRS forms such as a 1040, or how to train tax return preparers to actually prepare tax returns.

50. Pierre-Louis and LBS also train Pierre-Louis' DSMs, including Victor and Rodriguez, and preparers how to use Drake software to prepare tax returns. However, Drake software does not train preparers on tax law, and the training is limited to data entry and practice tax returns so that preparers know where to enter information in the software. Drake software itself does not provide in-person training.
51. Incredulously, Gachette claims that the IRS, not he and LBS, is responsible for providing tax training to LBS franchisees like Pierre-Louis and tax return preparers, and that it is up to the IRS and Drake software to train LBS employees on how to prepare tax returns. However, the IRS and Drake software do not train LBS employees on tax law or proper tax return preparation, nor is it the IRS's duty to train LBS employees how to prepare honest, accurate tax returns. That is LBS's responsibility, which it is completely and utterly failing to meet.
52. The IRS requires that individuals applying for an Electronic Filing Identification Number ("EFIN"), such as LBS franchisees (including Pierre-Louis) and DSMs (including Victor and Rodriguez), complete an application and submit to a background check. The IRS does not provide training on tax law or tax return preparation in connection with its EFIN application. The requirements to obtain an EFIN are available at: <http://www.irs.gov/Tax-Professionals/e-File-Providers-&-Partners/Become-an-Authorized-e-file-Provider>.
53. An EFIN is a unique number that clearly identifies the authorized provider and the location where the return was prepared. Before a person may prepare and electronically transmit tax returns for customers, he or she must obtain authorization from the IRS to become an authorized provider. Every authorized provider must apply for and receive an EFIN from the IRS. The EFIN requirement is not a means for the IRS to "train" applicants on tax law or how to prepare tax returns.

54. DSMs serve as the Electronic Return Originator (“ERO”) for the stores they manage. ERO is an Internal Revenue Service designation for the person or entity that electronically submits tax returns on behalf of customers. EROs are identified by their registered EFIN and are responsible for preparing and filing with each tax return an IRS Form 8879, “IRS e-file Signature Authorization.” Form 8879 is a signature authorization for an e-filed return filed by an ERO on behalf of a customer.
55. IRS Publication 1345 requires that an ERO “be diligent in recognizing fraud and abuse, reporting it to the IRS and preventing it when possible.” Pierre-Louis, Victor, Rodriguez, and LBS conduct no meaningful quality control or oversight over their tax return preparers, much less act diligently to prevent the fraud and abuse that is undertaken with respect to the preparation of customers’ tax returns. Indeed, fraudulent return preparation is encouraged and flourishes at many LBS stores.
56. The only supposed quality control that LBS, Pierre-Louis, Victor, and Rodriguez conduct is purportedly having “Area Managers,” also known as “Area Developers,” conduct occasional reviews of other LBS Tax Services offices. These reviews consist of making sure that employees are dressed properly, that customer files are stored properly, that the “presentation script” and various “cheat sheets” (such as the earned income tax credit “cheat sheet” that lists the answers that must be input into Drake software to complete to claim the Earned Income Tax Credit for a client) are taped to desks, and that the “forms order” cheat sheet (listing the order of forms that must be signed and placed in a customer’s file) is posted on the wall. The reviews also purportedly require the Area Manager to review up to five customer files for quality control; however, the Area Manager does not review whether the

customers' tax returns were properly prepared, but only whether certain forms are maintained in the files.

LBS Tax Services' "Guerilla Marketing"

57. Pierre-Louis, Victor, Rodriguez, and LBS solicit customers through what Gachette calls "Guerilla Marketing." "Guerilla Marketing" involves misleading advertising and aggressive, in-your-face individual sales pitches, targeted at low income taxpayers. The purpose is to get as many potential customers in the door, prepare their tax returns, and prepare and attach to their tax returns additional and unnecessary forms containing bogus claims and credits, under the guise that LBS is doing so in order to legally increase the customer's tax refund.
58. Pierre-Louis, Victor, Rodriguez, and LBS charge the customer exorbitant fees for preparing the return, for each form prepared and attached to the return, and for filing the return. LBS makes fraudulent claims on these forms, in order to improperly increase customers' refunds. LBS then falsely tells the customers that these forms legally increased the customers' refunds, and charges higher fees due to the additional forms and the higher refund that LBS claimed. These fees are all deducted from the customer's tax refund, often without the customer being told the amount that LBS actually charged for preparing the tax return.
59. "Guerilla Marketing" begins long before the tax filing season. LBS advertising focuses on the Earned Income Tax Credit, with street signs, flyers, and business cards that simply state, for example, that a potential customer can receive "\$3169 per child" from the IRS and listing an LBS phone number to call.
60. LBS instructs its employees to approach potential customers, ask whether they have children, hand out business cards, put up yard signs, and lure the potential customers to the LBS stores with promises of large refunds. This marketing occurs predominantly at large-scale retailers

and grocery stores (marketers are specifically directed to solicit business at Wal-Mart), dollar stores, apartment complexes, public plazas, and large public events where LBS believes it can find potential customers who fit the low income demographic that it targets. LBS has also used radio ads, automated telephone calls, flyers on parked cars, billboards, and letters or mailers to previous or potential customers.

61. LBS's "Guerilla Marketing" is so aggressive that the LBS franchise agreement and/or trainings anticipate and account for the related fines that are inevitably imposed against LBS's stores by cities and municipalities for violations of local ordinances, particularly regulations pertaining to signs and advertising placed alongside streets. The agreements and trainings provide that the first \$500 in fines are to be paid by the franchisee, with any additional amounts paid by DSMs.
62. DSMs are instructed that if the "city comes to your office, you should apologize and beg; say you weren't aware of the rules," and then go put out "200 yard signs 3 miles away from your office in each direction" at midnight. If a DSM receives a "letter before February 14th saying you have to go to court," the DSM is instructed to "call the courthouse, tell them you have an emergency and can come to court any day in March." The purpose of this is to avoid going to court until LBS's tax preparation and filing season is effectively over.
63. Pierre-Louis, Victor, and Rodriguez recruit and employ individuals referred to as marketers whose sole job is to solicit customers.
64. LBS provides scripts to marketers (in addition to managers and tax return preparers) on how to solicit customers. One script contains general introductory language, with three variations (depending on the date) used to schedule an appointment for the customer to have his or her tax return prepared. In all three variations, the script begins:

“Hi, I’m John a tax preparer. This year the IRS is giving \$3000 dollars per kid. What’s your name? How many kids do you have?”

[The script uses the answer of two children as the example.]

“Perfect, I can get you \$6000 to \$7000 dollars legally.”

From December 6 to December 26, before the tax year is even over, the script concludes:

“Do you have you last paycheck stub?”

If the customer says no, the script continues: **“OK, What’s your name and number; I will have my secretary give you a call after Christmas to give you directions to the office one hour before.”**

From December 26 to January 8, the script concludes:

“Do you have you last paycheck stub?”

If the customer says yes, the script continues: **“I can do your taxes with that, what time and date can you come to my office?”**

From January 8 to March 14, the script concludes:

“Do you have your W2?”

If the customer says yes, the script continues: **“What time and date works best for you to come to my office?”**

(emphasis added.)

65. Of course, the IRS does not “give” taxpayers \$3,000 per child. Whether a taxpayer is entitled to a credit, such as the Earned Income Tax Credit or Child Tax Credit, and the amount of the credit that the taxpayer can claim, depends on numerous factors, including whether the child lives with the taxpayer, whether the taxpayer financially supports the child, and the age of the child.

66. LBS also provides similar scripts to tax return preparers and administrative staff at each store.

67. Instead of focusing on honest, accurate tax return preparation, LBS's business model is result-oriented. LBS instructs preparers to "SELL ON FEAR!" and to "ALWAYS try to get the customer more than they received the last year filed taxes." LBS's power point presentation at its training session reiterates the script that preparers are repeatedly taught: "'If you agree I will leave the forms, If you don't I will take them off' – BUILDS TRUST!" If a customer hesitates, preparers are told to keep reiterating the portion of the script about how each form will get the customer more money from the IRS, and if the customer appears ready to walk away, preparers are instructed to get a DSM to help convince the customer to agree to the LBS's return preparation.

68. LBS employees speaking with potential customers over the phone are instructed to entice the customer by deceptively declaring how much money LBS can get refunded to the customer. For example, if a potential customer questions whether an LBS sign, business card, or radio ad was correct in saying the potential customer could get a tax refund of "\$3169 per child," the employee is instructed to respond that the potential customer "can get this much per child," ask how many children the potential customer has, and then tell the customer that "I can get you anywhere from 6-8 thousand" or "I can get you anywhere from 8-9 thousand," depending on whether the customer has 2 or 3 children. If the potential customer responds by questioning whether there is an income limit for the child credit, the employee is instructed to say that LBS "specialize[s] in maximizing your refund so come on in and we will show you exactly what you are entitled to."

69. The LBS scripts setting forth what employees are required to say upon completing customers' tax returns (or, more specifically, the Form 1040) are egregious and show a blatant disregard of the law. Once an LBS employee has completed the Form 1040, he or she is instructed to say to customers:

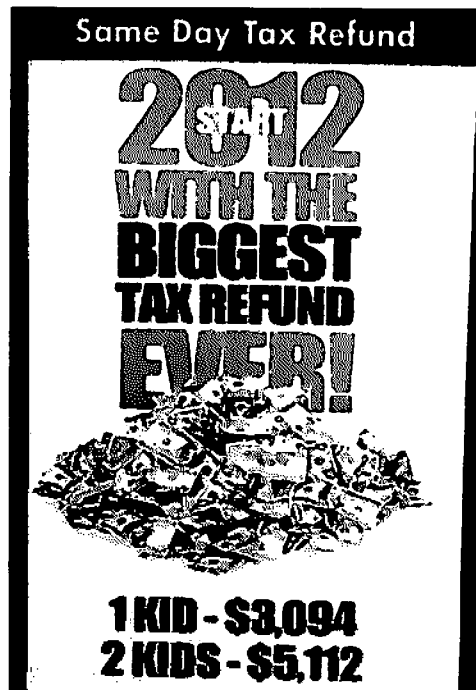
"At this time I am getting you back \$ [amount]. Ma'am or Sir, I can search for more forms to get you more money legally. Each form I use will cost you more but you get more money. For instance, I see I can get you an extra \$3000 by using 7 more forms and each form cost[s] about \$75.00. At the end I will let you know how much your refund will be, minus our fees. If you agree I will leave the forms on, if you don't agree, I will take them off."

70. LBS cannot legally "get" a customer \$3,000 by "using forms" (for example, the 7 forms in the above script). Individuals receive a refund if it is legally owed and based on the honest reporting of facts, not, as is the case with LBS's tax return preparation, by adding to tax returns forms that do not apply and that customers do not understand. LBS entices customers with the possibility of a bigger (albeit fraudulent) refund based on LBS's addition of forms to customers' tax returns but, in reality, a form or schedule applies or does not apply and must be attached to a return only based on customer-specific facts or circumstances.

71. LBS's tax return preparation is result-oriented, rather than being honest and accurate. LBS's tax return preparation is based on maximizing LBS's own profits by drawing customers into a web of deception with promises of money, which comes in the form of bogus refunds issued by the U.S. Treasury as a direct result of the fraudulent claims made on LBS-prepared tax returns.

72. LBS primarily solicits business using deceptive marketing focusing on the Earned Income Tax Credit, particularly as it relates to claiming dependents. During the 2012 filing season, in

addition to the yard signs which read “Tax Refund \$3094.00 per child,” LBS also passed out the following business cards to potential customers:



73. LBS’s advertisements regarding the Earned Income Tax Credit are misleading, at best, because the amount of the credit depends on several factors, such as income, marital status, and whether the child actually qualified as a dependent. LBS’s advertisements simply recite the maximum amount of the credit that a qualifying taxpayer may be eligible to receive per child with no mention, let alone explanation, of the criteria that must be met to qualify for such an amount. Rather the advertisements clearly suggest that if you have children you will receive refunds of \$3,094 for one child and \$5,112 for two children. Moreover, preparing tax returns using a taxpayer’s pay stub, as advertised, rather than a Form W-2, violates IRS regulations. And, of course, the IRS does not issue a “same day tax refund.”

74. LBS effectively offers guarantees to its customers that they will receive refunds. LBS's advertising clearly suggests that customers with children will receive a refund. Some of the ads specifically refer to "EIC," and for those that do not, it is evident, based on the specific amount identified in the ads and the income demographic that LBS targets, that the approximately \$3,000 "per child" is due to the Earned Income Tax Credit. In addition, the "three things that I am going to do for you today" script that LBS requires employees to memorize and recite explicitly states, "I will tell you how much your refund will be." Guaranteeing the payment of any tax refund or the allowance of any tax credit violates 26 U.S.C. § 7407(b)(1)(C). LBS's tax return preparation practices ensure that customers do receive a refund, frequently based on bogus claims for the Earned Income Tax Credit.

Defendants' Fraudulent Tax Preparation Activity

75. Pierre-Louis, Victor, Rodriguez, and those acting in concert with them and at their direction have created and maintained a business environment and culture of greed at Pierre-Louis' LBS stores that expressly promotes and encourages the preparation of false and fraudulent federal income tax returns in order to maximize corporate and individual profits. By doing so, Pierre-Louis, Victor, and Rodriguez are able to line their pockets with the ill-gotten gains of fraudulent tax preparation—all at the expense of their customers and the United States Treasury.

76. Many of LBS's customers have low incomes and are unsophisticated with respect to tax law and tax return preparation. Customers often have no knowledge that LBS prepares and files fraudulent tax returns on their behalf. For others, LBS preparers—with Pierre-Louis', Victor's, and Rodriguez's consent and urging—mislead customers about the law, particularly with respect to various credits and deductions, and by promising them thousands of dollars of

(illegal) refunds to coerce them into hiring LBS to prepare their tax returns. Pierre-Louis, Victor, and Rodriguez each benefit by receiving a significant portion of LBS customers' fraudulently obtained refunds that they retain through fees.

77. Pierre-Louis, Victor, and Rodriguez engage in, and instruct, direct, assist, advise, encourage, and cause their managers and preparers to engage in, illegal practices. These practices include, but are not limited to:

- a. Making fraudulent claims for the Earned Income Tax Credit and circumventing due diligence requirements;
- b. Improperly claiming false filing status, such as Head of Household when the customer is actually married;
- c. Fabricating Form Schedule C businesses and related business income and expenses;
- d. Falsely reporting household help income ("HSH" income) on customers' tax returns;
- e. Fabricating Form Schedule A deductions, including but not limited to, deductions for unreimbursed employee business expenses and automobile expenses;
- f. Falsely claiming education credits to which their customers are not entitled;
- g. Inflating federal income tax withholdings that far exceed the amounts actually reported on customers' Forms W-2;
- h. Failing to provide customers with a copy of their completed tax return; and
- i. Charging deceptive and unconscionable fees.

**a. Earned Income Tax Credit Fraud and
Failure to Comply with Due Diligence Requirements**

78. Pierre-Louis, Victor, Rodriguez, and many of their managers and tax return preparers prepare tax returns that make fraudulent claims for the Earned Income Tax Credit ("EITC"). These claims are often based on fabricated income, expenses, and/or false filing status.

79. The EITC is a refundable tax credit available to certain low-income working people. The amount of the credit is based on the taxpayer's income, filing status, and claimed number of dependents. The requirements for claiming the EITC are set forth in I.R.C. § 32 and the accompanying Treasury Regulations.
80. Because the EITC is a refundable credit, claiming an EITC can, in certain circumstances, reduce a taxpayer's federal tax liability below zero, entitling the taxpayer to a payment from the U.S. Treasury.
81. Due to the method used to calculate the EITC, an individual can claim a larger EITC by claiming multiple dependents and, for certain income ranges, individuals with higher earned income are entitled to a larger credit than those with lower earned income. The amount of the credit increases as income increases between \$1 and \$13,050, and decreases as income increases beyond \$17,100. Some tax preparers who manipulate reported income to maximize the EITC refer to this range of earned income corresponding to a maximum EITC as the "sweet spot" or "golden range." For tax year 2012, the maximum EITC was \$5,891 and was available to eligible individuals with three dependent children who earned income between \$13,050 and \$17,100.
82. Because of the way the EITC is calculated, reporting more income, up to a certain point, allows customers to receive a larger refundable credit. Similarly, claiming losses to offset higher income to decrease the total reported income and to fall within the "sweet spot" allows customers to claim a larger refundable credit.
83. To solicit business, LBS uses enticements of higher refunds based on the number of children that a potential customer has.

84. Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers acting at Defendants direction and with their knowledge and consent, falsify information to claim the maximum EITC for customers. Unscrupulous tax return preparers at LBS exploit the rules by claiming on their customers' returns phony Schedule C businesses and income and/or expenses. Consistent with the "magic numbers" instruction sheet, to bring the customer's reported earned income within the "sweet spot" for the EITC, and depending on a customer's actual income, LBS preparers inflate or fabricate Schedule C income to fraudulently increase customers' reported earned income, or claim bogus Form Schedule A or Schedule C expenses to fraudulently decrease customers' reported earned income.
85. Reporting bogus income not only improperly enables LBS to falsely claim the EITC, but to fraudulently claim other credits as well, including the Child Tax Credit and American Opportunity Tax Credit.
86. Form Schedule C fraud is a means by which unscrupulous tax return preparers, like many of those at LBS, manipulate customers' income in order to obtain bogus refunds based on fictitious claims for the EITC and other credits. Because of the amount of the EITC credit, these preparers frequently charge higher fees in connection with their preparation of bogus Forms Schedule C. Of the fees that LBS charges per IRS form, it charges \$250 or more for a Form Schedule C, the most for any form.
87. Pierre-Louis, Victor, and Rodriguez prepare returns, and/or encourage their managers and preparers to prepare returns, that report bogus household help income on customers' tax returns to falsely report earned income to qualify customers for the EITC.
88. Household help ("HSH") income is paid to individuals typically hired to perform household work (e.g., housekeepers, yard workers, caretakers, etc.), and these individuals are

considered employees of the person for whom they perform the household work. The employer determines and controls the work performed by the individual. The individual receiving the income may be paid in cash or non-cash benefits, on an hourly, weekly, or monthly basis, for jobs such as babysitting, house cleaning, yard work, health care, or driving. Individuals who receive HSH income are supposed to receive Forms W-2 reporting income received and taxes withheld (with certain exceptions) just like any other employment.

89. IRS records do not show that Forms W-2 were issued by many, if not all, of the purported employers for LBS's customers for whom LBS reported HSH income.

90. Because of the potential for abuse in claiming the EITC, Congress has authorized the Secretary of the Treasury to impose "due diligence" requirements on federal tax return preparers claiming the EITC for their customers. *See* 26 U.S.C. § 6695(g). These "due diligence" requirements obligate the tax return preparer to make "reasonable inquiries" to ensure the customer is legitimately entitled to the EITC. The tax return preparer may not "ignore the implications of information furnished to, or known by, the tax return preparer, and must make reasonable inquiries if the information furnished to the tax return preparer appears to be incorrect, inconsistent, or incomplete." *See* 26 C.F.R. § 1.6695-2 (2011). Tax return preparers must also document their compliance with these requirements and keep that documentation for three years. *Id.*

91. To document compliance with the due diligence requirements, tax return preparers must complete either the "Paid Preparer's Earned Income Credit Checklist" (Form 8867) and record and maintain other documentation verifying customer eligibility for the EITC.

92. LBS provides DSMs, managers, and preparers with specific instructions or cheat sheets that provide predetermined answers to input into the Drake software to claim the EITC on

customers' returns, and dictate what boxes to check on the IRS Form 8867, "Paid Preparer's Earned Income Credit Checklist." These instructions – and the predetermined answers – demonstrate that the actual information (if any) provided by customers is disregarded by preparers, who simply answer the questions in the manner that LBS instructs in order to claim the EITC for customers who are not actually eligible for the credit (or for the inflated amount claimed by LBS):

EIC 2 NOTES:	
SITUATION 1:	
- W2 taxpayer:	click "yes" for "Does the income appear to be sufficient to support the taxpayer and qualifying children....."
-	click "not applicable" "taxpayers with self-employment income."
SITUATION 2:	
- Schedule C taxpayer:	click "yes" for "Does the income appear to be sufficient to support the taxpayer and qualifying children....."
-	Question 2.) Fill out how many years the business has been in existence
-	Question 3.) Fill in "self"
-	Question 4.) Click "no"
-	Question 4b.) Type "by income only"
-	Question 5.) Click "yes"
-	Question 5a.) Click "log books"
-	Question 6.) "No" if there are no 1099-misc forms to support income, "yes" for 1099 taxpayer
-	Question 6b.) "Yes"
-	Question 7.) "Yes"
-	Question 8.) "Yes"
-	Question 9.) "No"

93. A portion of a similar instruction sheet is below (the Drake software questions are followed by the predetermined answers in bold):

EIC2 INCOME (NOT A SCHC)

DOES THE INCOME APPEAR TO BE SUFFICIENT TO SUPPORT THE TAXPAYER AND QUALIFYING CHILDREN? CHECK YES
TAXPAYERS WITH SELF-EMPLOYMENT INCOME: CHECK NOT APPLICABLE

EIC2 INCOME (W/SCH C)

DOES THE INCOME APPEAR TO BE SUFFICIENT TO SUPPORT THE TAXPAYER AND QUALIFYING CHILDREN? CHECK YES
HOW LONG HAVE YOU OWNED YOUR BUSINESS? 1 YEAR

CAN YOU PROVIDE ALL DOCUMENTATION TO SUBSTANTIATE YOUR BUSINESS? CHECK RECEIPTS OR RECEIPT BOOK
WHO MAINTAINS THE BUSINESS RECORDS? SELF

DO YOU MAINTAIN SEPARATE BANKING ACCOUNTS FOR PERSONAL AND BUSINESS TRANSACTIONS? CHECK NO
IF "NO" HOW DO YOU DIFFERENTIATE BETWEEN PERSONAL AND BUSINESS TRANSACTIONS AND MONETARY ASSETS? CASH I
WERE SATISFACTORY RECORDS OF INCOME AND EXPENSE PROVIDED? CHECK YES

IF "YES" IN WHAT FORM WERE THESE RECORDS PROVIDED? CHECK PAID INVOICES
FORM 1099-MISC NO/YES/YES/YES/NO

94. Because the Forms 8867 EITC Checklists that LBS stores generate are based on instruction sheets providing pre-determined answers showing that customers are eligible for the EITC, these forms, maintained in customers' files, appear to be complete, accurate, and based on statements and documentation provided by customers. In reality, because the answers are pre-determined, the only function of the LBS-completed Form 8867 EITC Checklist is to give the illusion that LBS complies with the due diligence requirements.
95. A closer review of LBS customer files reveals that Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers utterly fail to comply with the due diligence requirements. Customers are given an intake form to complete, which is comprised of several sections. The first few sections request basic information such as name, address, social security number, filing status, and dependents. The final section pertains to any business that the customer operated. Often these intake forms are not fully completed by the customer, if they are marked at all. In many instances the LBS preparer entirely disregards the customer's responses on the intake form.

96. The LBS intake form apparently serves no other purpose than to give the illusion that LBS is questioning its customers and complying with the due diligence requirements. Frequently LBS preparers, rather than the customers, complete the form to support the claims that the preparer is fabricating on customers' tax returns.
97. In 2014, the IRS examined 336 tax returns prepared by defendant Victor for tax year 2012 to determine if Victor had complied with the EITC due diligence requirements. The IRS found that Victor had failed to comply with the due diligence requirements on 315 of the 336 tax returns examined. As a result, Victor was assessed \$157,500 for his 315 separate violations of 26 U.S.C. § 6695(g).
98. The conduct of Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers shows an intentional disregard for the tax laws, and in particular for the due diligence requirements, and demonstrates their unwillingness to comply with the requirements. Not only do Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers fail to adhere to the due diligence requirements, but they also purposely falsify information to maximize the EITC for their customers.

b. Intentionally Claiming Improper Filing Status

99. Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers routinely prepare tax returns reporting false filing status. Specifically, head-of-household filing status is claimed on customers' tax returns to increase the amount of the customers' standard deduction, even though LBS is aware that the customer does not qualify for head-of-household status.
100. Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers frequently file separate returns for married couples who are not living apart, improperly using the "head-of-

household” or “single” filing status, both of which are unavailable to married couples living together. Often, this is an attempt to increase the claimed EITC; a couple with at least two children who, together, would otherwise receive a single EITC refund of roughly \$5,000 by properly claiming “married, filing jointly,” may instead each receive a refund of \$3,000 or more, by both falsely claiming head-of-household or single status and each claiming at least one dependent. Pierre-Louis, Victor, and Rodriguez often benefit by charging preparation fees for the preparation of two returns, rather than one.

101. In fact, as stated above, defendant Lauri Rodriguez admitted that she was trained to engage in such misconduct by LBS. During an interview with the IRS on or around July 29, 2013, Lauri Rodriguez stated that she was taught, at the Orlando LBS training for DSMs, to improperly “split” married couples (i.e., report a married taxpayer’s filing status as single or head-of-household) to increase the customers’ refund.

102. Additionally, Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers claim dependents whom do not actually qualify as dependents on customers’ tax returns, and then claim head-of-household filing status to increase the customers’ refunds through both the false filing status and fraudulent EITC claim based on the bogus dependents.

103. For example, on or around January 15, 2013, customer L.S. had his 2012 federal income tax return prepared at the LBS store located at 5610 Hanley Road, Tampa, Florida (the Pierre-Louis LBS store managed by Lauri Rodriguez). L.S.’s wife also went to LBS to have her 2012 return prepared. L.S. marked married, living together, on the LBS intake data sheet and told the preparer that he was married. Rather than report L.S.’s filing status as “married, filing jointly” or “married, filing separately,” the preparer reported that L.S. had a “head-of-household” filing status. In fact, according to L.S., Pierre-Louis’ preparer had the idea of

filing L.S. as head-of-household. By falsely claiming head-of-household on L.S.'s return, L.S. received an increased standard deduction, and the preparer was able to charge exorbitant fees for not only L.S.'s tax return preparation, but also for L.S. wife's. LBS charged L.S. more than \$700 to prepare and file his 2012 tax return.

104. In another instance, customer J.H. and his wife of 23 years went to Pierre-Louis' LBS store located at 10002 N. Nebraska Avenue, Tampa, Florida, to have their 2012 federal income tax return prepared. J.H. told the LBS tax return preparer that he was married. The preparer told J.H. that his refund would only be about \$100, and that LBS would not be filing his return. But, on or around March 19, 2013, LBS did file J.H.'s return, and claimed that J.H. had a filing status of "single." Even more outrageous, the preparer fabricated an additional \$200 in federal withholding taxes not listed on J.H.'s Form W-2, resulting in a refund of \$363. J.H. did not see a penny of this refund; LBS kept it as fees. The preparer who filed J.H.'s 2012 return and who is listed as preparing it—defendant Jehoakim Victor.

105. In another example, on or about April 8, 2013, the LBS store at 5610 Hanley Road in Tampa prepared customer R.Z.'s 2012 tax return. R.Z. told the LBS preparer that she lived with her brother, niece, and parents in 2012, but did not pay rent. On R.Z.'s return, the preparer claimed a head-of-household filing status and R.Z.'s niece as her dependent, without asking R.Z. whether she provided any support to her niece. The preparer also reported that R.Z. had \$1,366 of HSH income. R.Z. told the IRS that she never told her preparer that she had such income, and was not aware that HSH income had been reported on her return. The preparer's bogus filing status, dependent, and income claims resulted in R.Z. receiving an inflated EITC, from which LBS collected its exorbitant fees.

106. Customer T.B. had his 2012 tax return prepared at Pierre-Louis' LBS store located at 7216 Causeway Blvd., Tampa, Florida, on February 11, 2013. T.B. told the preparer that his nephew and niece lived in Mexico, but that he helped out when he could. The preparer claimed a "head-of-household" filing status and T.B.'s niece and nephew on T.B.'s return without even inquiring into the amount of support that T.B. provided to his niece and nephew in 2012. The preparer also listed HSH income on T.B.'s tax return in the amount of \$3,671. T.B. told the IRS that he never earned such income.

c. Fabricated Schedule C Business Income and Expenses

107. Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers also prepare tax returns reporting non-existent businesses on Forms Schedule C. On some of these returns, LBS reports substantial income, but little or no expenses. On other returns, LBS reports substantial expenses, but little or no income. The determining factor is whether LBS needs to inflate a customer's income (or create income when the customer has none) to bring the income within the EITC range or "sweet spot," or to lower the taxable income of a customer who has actual income (such as wages reported on a W-2) in order to either bring the income within the EITC "sweet spot" or simply to create a phony business loss to offset the customer's wages and fraudulently reduce the customer's income tax liability.

108. Pierre-Louis, Victor, Rodriguez and many of their managers and preparers also coerce customers into providing them information that LBS can then use to fabricate claims on the customer's tax return. One LBS script, captioned "Schedule C," instructs preparers as follows: "if the person has a W-2 and made 5,000 or less ask if they have their own business give them examples of their own business (ex. hairstyling, nails, cutting grass)." Thus, based on LBS's suggestions, if a customer responds that they cut a friend's hair, or cut a family

member's lawn, or cooked for a church event, LBS then falsely reports that as a business on a Form Schedule C with bogus income and/or expenses in order to bring the income within the EITC "sweet spot" or to simply reduce the taxable income.

109. For example, on or about January 5, 2013, customer S.D. went to the LBS store located at 10002 N. Nebraska Ave, in Tampa (the Pierre-Louis LBS store managed by Victor) to have her 2012 tax return prepared. In 2012, S.D. earned \$6,414, and received a Form W-2 from her employer listing that amount. She earned no other income. But her income was insufficient to maximize the EITC. So, the preparer reported that S.D. owned a "hair stylist" business where she earned \$6,244 and incurred expenses of \$454, for a total of \$5,790 in Form Schedule C business income. S.D. never worked as a hair stylist and did not even own a business in 2012. The preparer did not stop there. To further increase S.D.'s EITC, the preparer illegally reported that S.D. earned HSH income of \$4,911. S.D. told the IRS that she never earned such income and never suggested that she had to the preparer. The LBS preparer's fraudulent claims resulted in S.D. receiving an inflated refund of \$7,005, minus LBS's fees of course.

110. In another example, customers C.I. and A.S. had their joint 2012 tax return prepared at the LBS location at 7216 Causeway Boulevard in Tampa. In 2012, C.I. and A.S., together, earned \$11,803 in wages, and had no other income. Although the preparer insisted that the couple could enlarge their refund if they filed more "papers" (i.e., schedules), C.I. and A.S. refused, and did not tell the preparer that they had any other sources of income. Nevertheless, the preparer reported that A.S. operated a daycare business where she earned \$5,978 in income. C.I. and A.S. told the IRS that they did not have a daycare business in 2012. The LBS preparer's false claims inflated C.I. and A.S.'s EITC by hundreds of dollars.

111. Similarly, a married couple, customers L.R. and M.R., went to the LBS store located at 7216 Causeway Boulevard in Tampa on January 30, 2013, to have their 2012 tax return prepared. In 2012, both L.R. and M.R. were employed by an insulation company and received Forms W-2 from their employer. Together, L.R. and M.R. earned \$62,653 in 2012. Neither L.R. nor M.R. owned a business in 2012. However, the LBS preparer reported that L.R. had a business (no business name or type of business is listed on the return) that earned \$0 of income and incurred more than \$26,000 of business expenses, reducing L.R. and M.R.'s taxable income by \$26,000. L.R. and M.R. told the IRS that they were not self-employed in 2012, and that it was the LBS preparer's idea to add the business to deduct expenses. The preparer's actions resulted in an understatement of L.R. and M.R.'s taxable income. According to L.R. and M.R., LBS charged them over \$1,000 to prepare their tax return.

112. Similarly, customer D.H. went to the LBS location at 7216 Causeway Boulevard in Tampa, on or around February 12, 2013, to have her 2012 tax return prepared. D.H. was an employee and earned approximately \$32,000 in wages in 2012. The preparer reported that D.H. had a Form Schedule C cleaning business where she earned \$0 in income and incurred \$9,794 in car and truck business expenses. D.H. did not operate a business in 2012, and did not tell the preparer she had.

113. Customer V.R. had his 2012 return prepared by the Pierre-Louis-owned LBS location at 5304 56th Commerce Park Blvd., Tampa, Florida, on or about February 5, 2013. In 2012, V.R. earned more than \$42,000 in wages as an employee. The preparer reported V.R.'s more than \$42,000 of income, and also reported that V.R. had incurred losses from a Schedule C

business of roughly \$4,000. In reality, V.R. never owned a business in 2012, and told the IRS that he did not know why the preparer reported these expenses on his return.

d. Falsely Reporting HSH Income

114. As with Form Schedule C income, HSH income can be used to falsely increase an individual's EITC. Household help ("HSH") income is paid to individuals typically hired to perform household work (e.g., yard workers, housekeepers, etc.). Individuals who receive HSH income are supposed to receive Forms W-2 reporting income received and taxes withheld, just like any other employment.
115. Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers prepare tax returns reporting bogus HSH income to fraudulently bring a customer's income within the EITC "golden range" or "sweet spot."
116. For example, the LBS store located at 10002 N. Nebraska Avenue in Tampa prepared customer G.C.'s 2012 tax return on or around February 2, 2013. In 2012, G.C. worked as an employee of a nationwide pharmacy. According to her Form W-2 from her employer, which she provided to LBS, G.C. earned \$10,090 in 2012. The LBS preparer initially only reported \$10,090 of income on G.C.'s 2012 return. G.C. signed a tax return reflecting this income amount, and was given a copy of her tax return. Subsequently, the LBS preparer fraudulently inflated G.C.'s income by reporting that G.C. had earned an additional \$1,500 in HSH income. G.C. was completely unaware that LBS had fabricated \$1,500 of HSH income on her tax return because LBS had given her a copy of a return that it had no intention of filing. G.C. told the IRS she did not earn HSH income in 2012. LBS's claim fraudulently increased G.C.'s refund by \$825.

117. On about January 22, 2013, customer J.W. went to the LBS store located at 10002 N.

Nebraska Avenue in Tampa to have her 2012 tax return prepared. Jehoakim Victor is listed as the preparer on J.W.'s 2012 return. J.W.'s only income in 2012 was business income that she earned from a daycare business that she purportedly operated. However, Victor filed a return for J.W. that reported HSH income of \$2,840. J.W. told the IRS that she did not earn HSH income in 2012. Victor's false claim fraudulently inflated J.W.'s EITC.

118. In another instance, the LBS store at 5610 Hanley Road in Tampa (the LBS store

managed by Rodriguez) prepared L.H. and her husband's 2012 joint tax return on or about February 2, 2013. L.H. received a W-2 from her employer listing that she earned \$4,456 in wages as an employee. L.H. also did house cleaning, making roughly \$1,000 over the entire 2012 year. The LBS preparer falsely reported that L.H. had earned \$4,552 in HSH income and earned Schedule C business income of \$6,558—over \$5,500 more than L.H. actually earned in 2012. L.H. told the IRS that she did not know why this income was on her tax return. The preparer's false claims inflated L.H.'s EITC to \$5,236. LBS's fee: \$1,028.

119. Customer E.J., on or about January 18, 2013, went to the LBS store located at 5610

Hanley Road in Tampa to have her 2012 tax return prepared. E.J. told the preparer that in 2012 she worked cleaning houses for about six months, and earned roughly \$2,080. Initially the preparer told E.J. she would not get a refund. Then the preparer spoke to her manager—Rodriguez manages this Pierre-Louis-owned LBS location—and was told that she would get a refund of \$600. On E.J.'s return, the LBS prepare reported that she had earned \$10,420 in HSH income. E.J. told the IRS she does not know where that figure came from. E.J.'s refund was fraudulently inflated to \$1,113, from which LBS extracted roughly \$600 in fees.

e. Fabricating Form Schedule A Deductions

120. Reporting bogus Form Schedule A deductions is another tactic commonly used by Pierre-Louis, Victor, and Rodriguez, and many of their managers and preparers to fraudulently reduce customers' taxable income. As with bogus Schedule C business losses, the bogus Schedule A deductions are typically reported on the tax returns of customers who have over \$24,000 in wage income reported on Forms W-2.

121. Pierre-Louis and many of his managers and preparers often prepare tax returns for customers which include false claims for purported unreimbursed employee business expenses. Section 162 of the Code governs trade or business expenses. These returns often claim deductions for fabricated, fraudulently inflated, and/or non-qualifying business expenses. IRS Publication 529 (which is readily available and easy to understand) provides examples of qualifying business expenses, including "Union dues and expenses" and "Work clothes and uniforms if required and not suitable for everyday use." *See* IRS Publication 529 (2013) (available online at: <http://www.irs.gov/publications/p529/ar02.html>). Publication 529 also provides examples of expenses that do not qualify as business expenses, including "Commuting expenses," "Lunches with co-workers," "Meals while working late," and "Personal, living, or family expenses."

122. One LBS script instructs the preparer to ask specific questions to customers:

(SCHEDULE A QUESTIONS)

- HOW MUCH DID YOU SPEND ON GAS?
- DID YOU ATTEND CHURCH? (10% TITHES) OR -DID YOU GIVE TO ANY CHARITIES?
- DID YOU PURCHASE ANY WORK UNIFORM(S)?
- DID YOU PURCHASE ANY WORK SHOES?
- DID YOU PURCHASE ANY TOOLS?
- ANY MEDICAL OR DENTAL EXPENSES?
- WHAT WAS YOUR CELL PHONE BILL?

If customers respond, for example, that they drove to and from work, Pierre-Louis and many of his managers and preparers then claim a non-qualifying expense for commuting on the customers' returns. If customers respond that they attend church, Pierre-Louis and many of his managers and preparers claim that the customers made charitable contributions, even if they did not. Pierre-Louis and many of his managers and preparers thus push customers to provide information that Pierre-Louis and many of his managers and preparers can manipulate to make bogus claims on customers' tax returns.

123. The LBS training "test" specifically instructs preparers that "Schedule A should only be used when the taxpayer has an outstanding income of 24,000 [dollars] or higher." Pierre-Louis and many of his managers and preparers frequently report on Forms Schedule A that customers had qualifying expenses such as medical expenses, state and personal property taxes, charitable contributions, and uniforms, when the customer had no such expenses.

124. Pierre-Louis and many of his managers and preparers commonly improperly deduct vehicle expenses on the Forms Schedule A attached to customers' returns. In fact, LBS's training "test" lists "Auto Expense" as one of the "4 forms that can get the client the maximum refund." Forms Schedule A and C are also on among those listed forms.

125. Pierre-Louis, Victor, Rodriguez and many of their managers and preparers also frequently report, on Form Schedule A, that a customer used a personal vehicle for a business purpose and that the customer drove tens of thousands of miles for work. In reality, all or the majority of this purported mileage is for commuting from home to work, which is not a qualifying vehicle expense. Defendants and many of their managers and preparers also inflate the actual mileage that the customer drives each day to and from work. Therefore, not only are Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers claiming an improper, non-qualifying expense, but they are falsely inflating the mileage number in order to further increase the bogus deduction on customers' tax returns.

126. For example, on February 22, 2013, customer S.D. was at a bus station in Tampa (S.D. did not have a vehicle in 2012). While there, an LBS marketing employee approached S.D. and offered to drive him to the LBS office located at 7216 Causeway Blvd., to have his 2012 tax return prepared. S.D. accepted, and the two went to the LBS location. In 2012, S.D. was single, with no dependents, and earned \$19,162 in wages. Because he had no dependents, S.D. would not qualify for a large EITC. So, the preparer instead sought to reduce S.D.'s tax liability using a Schedule A. The preparer ignored the fact the S.D. did not have a vehicle and had been driven to the LBS store by an LBS employee, and, amazingly, reported that S.D. had driven his personal vehicle 30,256 miles for business purposes. S.D. told the IRS that he was unaware that LBS had claimed this mileage expense on his return, and that he did not discuss the expense with the preparer. The preparer's false claim resulted in a \$17,589 unreimbursed employee business expense, which the preparer used to falsely increase S.D.'s itemized deduction. Because of LBS's fraudulent claim, S.D. received \$1,558 refund, minus LBS's \$746 fee.

127. In another instance, customers K.J. and C.J., a married couple, went to the LBS store located at 5610 Hanley Road in Tampa to have their 2012 return prepared on or about February 14, 2014. Together K.J. and C.J. earned about \$60,000 as employees, and received Forms W-2 from their respective employers. K.J. and C.J. gave their Forms W-2 and identifications to the preparer, and the preparer asked the couple questions about their commutes to and from work. K.J. and C.J. did not tell the preparer that they had used their personal vehicles for business purposes, and never discussed medical expenses or charitable contributions with the preparer. Nevertheless, the return preparer employed at Pierre-Louis LBS store and supervised by Rodriguez reported that, in 2012, K.J. and C.J. incurred \$6,821 in medical expenses, gave \$305 to charity, and drove their two vehicles a total of 73,506 miles for business purposes (an unreimbursed employee business expense of \$44,094). The preparer's fraudulent claims inflated K.J. and C.J.'s itemized deductions to approximately \$51,000. For this "service," LBS charged K.J. and C.J. \$900.
128. Another customer, K.T., had her 2012 tax return prepared at the LBS location at 10002 N. Nebraska Avenue in Tampa (the store managed by Victor) on or around January 5, 2013. In 2012, K.T. earned approximately \$28,000 in employee wages. Her duties involved answering phones at a call center in Tampa. K.T. told her LBS preparer that she commuted to and from work, but that her car stayed parked once she arrived at work. Pierre-Louis' preparer claimed that K.T. had driven her vehicle 32,158 miles for business purposes. This bogus claim resulted in K.T. receiving an itemized deduction increase of \$17,848—reducing her income and increasing her refund to more than \$5,000. In an effort to conceal her fraud, the preparer did not provide K.T. with a copy of her 2012 return, despite numerous requests from K.T.

129. In 2012, customer A.K. was employed as a truck drive, used his employers' trucks for work, and earned about \$14,600 in wages (according to the Forms W-2 issued to him by his employers). On March 7, 2013, A.K. went to the LBS store located at 10002 N. Nebraska Avenue in Tampa to have his 2012 tax return prepared. While at LBS, the preparer (Joheakim Victor is listed as the individual who prepared and filed A.K.'s 2012 return) told A.K. that he could get him a bigger refund if A.K. paid LBS more. A.K. asked if what the LBS preparer planned to do was legal. The preparer responded that it was legal, and that the more "papers" (i.e., schedules), the larger the refund, but the more LBS charges. A.K. did not provide any mileage figures. Victor filed a 2012 tax return for A.K. that reported that A.K. had driven his personal vehicle 24,000 miles for business purposes, resulting in an unreimbursed employee business expense of \$14,775. According to A.K., LBS charged him \$1,000.

130. Customer N.D. went to the LBS location at 10002 N. Nebraska Avenue to have her 2012 return prepared on or around February 7, 2013. V.M.'s 2012 return reports that she worked at a hospital and earned \$48,862 as an employee. It also reports that she drove her vehicle, for business purposes, a total of 28,441 miles; an unreimbursed employee business expense of \$15,785. N.D. told the IRS that the LBS preparer asked her about commuting expenses and that she has no idea how the preparer arrived at the mileage figure listed on her return. Jehoakim Victor is listed as the preparer on N.D.'s 2012 tax return.

131. Another customer, W.R, went to the LBS store located at 5610 Hanley Road, on or around January 26, 2013, to have his 2012 return prepared. In 2012, W.R. earned about \$27,100 as an employee truck driver working for two different trucking companies. W.R. told his preparer—the return lists defendant Lauri Rodriguez as the preparer—where he was

employed, and that the fuel costs associated with work were reimbursed by his employers. Rodriguez falsely suggested to W.R. that he could deduct commuting mileage. Rodriguez then reported that W.R. had driven his personal vehicle a total of 26,520 miles for business purposes in 2012, resulting in an unreimbursed employee business expense of \$14,719. Rodriguez used this fraudulent claim to reduce W.R.'s taxable income and increase his refund to \$7,896, from which LBS syphoned more than \$900.

132. Similarly, V.R., on about January 21, 2013, went to the LBS location at 5610 Hanley Road to have her 2012 return prepared. In 2012, customer V.R. worked in an office "answering phones," and earned \$20,166 in income as an employee. V.R. did not tell Lauri Rodriguez, her LBS preparer, that she had used her vehicle for business purposes. In fact, she told Rodriguez that she worked in an office every day answering phones. Rodriguez ignored V.R.'s statements and claimed that V.R. had driven her personal vehicle a total of 26,543 miles, for business purposes, for an unreimbursed employee business expense of \$14,000. Rodriguez's fabrication resulted in V.R. receiving an inflated EITC of \$2,676.

f. Bogus Education Credits

133. Another practice used at Pierre-Louis' LBS stores is fabricating education expenses and falsely claiming 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. Pierre-Louis and many of his managers and preparers routinely and repeatedly claim false education credits on the tax returns of customers who did not attend college and had no qualifying education expenses, in order to fraudulently reduce their customers' taxable

income and generate a larger bogus refund (and increasing the fees that they charge to customers).

134. For example, the LBS location at 10002 N. Nebraska Avenue in Tampa prepared customer J.B.'s 2012 tax return on or about January 28, 2013. In 2012, neither J.B. nor her dependent son attended college. J.B.'s son attended a private high school in Tampa. J.B. told the LBS preparer that her son went to school and gave the preparer the name of her son's high school. At no time did the preparer ask J.B. whether she paid any educational expenses. Despite knowing the truth—that J.B. incurred no qualified educational expenses in 2012, and that J.B.'s son did not attend college—the LBS preparer fabricated \$2,146 in qualified educational expenses on J.B.'s 2012 return in order to obtain the American Opportunity Credit. This false claim resulted in J.B. receiving a bogus credit of \$858.

135. In another example, customer S.D., discussed in paragraph 126, went to post-high school courses and incurred \$444 in qualified education expenses. The LBS preparer inflated S.D.'s qualified educational expenses to \$2,603, falsely inflating S.D.'s refund.

g. Inflated Federal Income Tax Withholdings

136. Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers also prepare tax returns on which they falsely report that an inflated amount of income tax was withheld from the customers' wages by his or her employer. Because this withholding amount is bogus, it does not match the actual amount of taxes withheld from the customer's pay as reported on the Form W-2 issued by the customers' employer(s). As a result, the LBS-prepared tax return requests a refund of this additional tax purportedly withheld, causing a bogus refund of tax that was never actually withheld from the customer's wages.

137. For example, on or around February 8, 2013, customer R.D. went to the LBS location at 10002 N. Nebraska Avenue in Tampa to have his 2012 return prepared. There he met with Jehoakim Victor; the individual who prepared his return. R.D. took with him to LBS his identification and Form W-2. The Form W-2 provided by R.D.'s employer showed a \$73 federal income tax withholding. The return prepared by Victor, however, reported that R.D.'s employer withheld \$874 in federal income taxes from R.D.'s wages—a \$801 increase. R.D. told the IRS he had no idea where the additional \$801 came from. Due to Victor's fabrication, R.D.'s refund was inflated by \$801.

138. Victor also fabricated withholding taxes on customer J.H.'s 2012 tax return (J.H. is discussed in paragraph 104). After Victor told J.H. that LBS would not be filing his tax return because his refund was too small, Victor filed J.H.'s return and falsely claimed \$200 in federal withholding taxes that were not listed on the Form W-2 provided by J.H.'s employer. LBS kept J.H.'s entire refund. J.H. was not even aware that his 2012 return had been filed.

139. Similarly, customer L.G. went to the LBS office located at 5610 Hanley Road in Tampa to have her 2012 tax return prepared. Lauri Rodriguez prepared and filed L.G.'s 2012 return on or around February 9, 2013. Rodriguez reported that L.G.'s employer had withheld \$1,945 in federal income taxes from L.G.'s wages. However, the Form W-2 provided by L.G.'s employer only listed withholdings of \$744—an increase of more than \$1,200. L.G. had no idea Rodriguez had made this false claim on her return.

140. Rodriguez also prepared customer S.D.'s 2012 tax return from the LBS store at 5610 Hanley Road in Tampa. Rodriguez reported that S.D.'s employer had withheld \$3,903 in federal income tax from S.D.'s wages. In reality, the Form W-2 provided to the IRS showed

that S.D.'s employer only withheld \$1,503; a difference of \$2,400. S.D. told the IRS that she did not know about the \$2,400 fabrication by Rodriguez.

141. In another example, customer S.P. went to the LBS store located at 5610 Hanley Road in Tampa to have her 2012 return prepared. The LBS preparer claimed that S.P.'s employer had withheld \$1,191 in federal income taxes from her wages. In truth, the Form W-2 provided by S.P.'s employer listed income withholdings of only \$449—a \$742 difference.

h. Failure to Provide Customers with Copies of Their
Completed Tax Returns in Violation of 26 U.S.C. § 6107(a)

142. Pierre-Louis, Victor, Rodriguez, and many of their managers and preparers commonly fail to provide customers with copies of their completed tax returns. The completed tax return, filed with the IRS, shows the refund that LBS is claiming for the customer. By giving a copy of the tax return to the customer, the customer is able to determine the amount of fees charged by LBS by subtracting the amount of the refund that the customer actually receives from the amount of the refund claimed on the tax return. LBS's failure to provide a copy of a customer's completed tax return is part of LBS's strategy to conceal its actual fees from its customers.

143. Failing to provide a customer with a copy of the completed tax return also violates 26 U.S.C. § 6107(a). Section 6701(a) requires that a tax return preparer "shall furnish a completed copy of [a tax return or claim for refund] to the taxpayer not later than the time such return or claim is presented for such taxpayer's signature."

144. LBS's training "test" states that employees should provide a customer with a copy of the customer's tax return, but "Only if we will be E-filing the same day or if we have already E-filed." In reality, LBS customers do not receive copies of their tax returns, particularly those

whose returns are prepared based on a pay stub days or weeks before the IRS even begins to accept filed tax returns. The answer to the LBS “test” question about whether to “give customers their copies of their 1040 tax papers” on January 5, 2013, is simply “NO.”

145. Not only does LBS not provide a copy of the completed tax return to customers at the time it is prepared, but it fails to provide a copy after electronically filing the return and also often refuses to provide a copy later upon the customer’s demand.

146. For example, the following customers (discussed above) told the IRS that LBS did not provide them with a copy of their completed 2012 federal income tax return: C.I. and A.S. (¶ 110), J.W. (¶ 117), E.J. (¶ 119), K.T. (¶ 128), A.K. (¶ 129), N.D. (¶ 130), and S.P. (¶ 141). Other customers told the IRS that LBS only gave them a copy of their completed Form 1040, but not the accompanying schedules where LBS made the fraudulent claims. These customers include: D.H. (¶ 112; did not receive Schedule C) and K.J. and C.J. (¶ 127; did not receive Schedule A). LBS conduct demonstrates its deception concerning not only its fees, but also as to its fraudulent claims.

i. Deceptive, Unconscionable, and Undisclosed Fees

147. Pierre-Louis’ LBS stores charge unconscionably high fees to prepare tax returns, mostly through added, deceptive fees. These fees are typically charged without customers’ knowledge.

148. LBS intentionally deceives its customers regarding the fees charged for the preparation of tax returns.

149. The LBS training “test” specifically instructs employees to tell potential customers who call LBS asking what the charge is for preparing a tax return to respond with: “\$75. Would you like to set an appointment?” The “Telephone Script” instructing employees how to speak

to a potential customer on the phone directs employees to respond to the question “How much do you charge?” with: “We charge \$75. You do not have to pay us up front; it will be deducted automatically from your refund.”

150. However, the actual cost may actually be several hundred dollars or more, depending on the IRS forms and schedules attached to the tax return. LBS charges additional fees for each form (such as a Schedule C or a Form 8863 for an education credit) attached to the Form 1040 tax return. LBS charges separate fees for forms such as the electronic filing authorization (Form 8879) which is required for e-filing, the EITC qualifying child form (Schedule EIC), and the related EITC due diligence checklist (Form 8867), which must be completed in connection with a claim for the EITC. These fees result in a total tax return preparation fee much higher than the \$75 advertised.

151. LBS also has so-called “999 charge weeks.” During these periods, Gachette and LBS franchisees encourage LBS stores to charge \$999 – or “as much as possible,” according to franchisee Douglas Mesadieu – for the preparation of tax returns that, at other times, would not result in such high fees. The sole purpose of “999 charge weeks” is to maximize the amount of revenue generated by LBS stores, and the high fees charged during these periods are not based on the difficulty or amount of time in preparing customers’ tax returns.

152. Customers must also pay the “service bureau” and “LBS transmittal” fees, totaling \$74, and fees to Drake software and EPS Financial (the refund processor) of \$7 and \$15 to \$20, respectively, in 2013. Thus, for a customer to have LBS prepare and e-file a basic federal income tax return (which is the appropriate return for the majority of customers), the actual bare minimum is far more than the \$75 advertised amount.

153. The high fees (and fee structure, which encourages the addition of unnecessary and often improper forms and schedules to the Form 1040) are a strong incentive for LBS to prepare and file fraudulent returns claiming excessive refunds based on bogus claims and associated forms and schedules.
154. Because LBS targets low-income individuals, the high fees frequently pose a significant financial hardship for its customers. Additionally, fees are unconscionable for the basic tax returns being prepared for these customers, who are often eligible for free tax return preparation and electronic filing elsewhere.
155. Pierre-Louis, Victor, Rodriguez, and Pierre-Louis LBS stores also routinely and intentionally fail to disclose to customers all fees charged. LBS trains its employees how to present forms to customers to sign, including a form acknowledging the fees charged, without allowing the customer to closely review or understand the forms they are signing. Alternatively, LBS tells customers one amount for fees and then later increases the fees without the customers' knowledge or consent. Customers are often surprised to learn that the refund requested on their return is hundreds if not thousands of dollars more than the refund amount that they received after the fees were deducted.
156. Customers often complain that they did not know in advance that they would be charged exorbitant fees. LBS provides its customers with the amount of the refund that they will be receiving, which is much less than the refund amount that was actually claimed on their tax return (which is not disclosed to customers at the time their tax returns are prepared). This is a recurring theme of complaints filed with the IRS and the Better Business Bureau, as well as local news reports regarding LBS locations across the country.

157. To the extent that customers are advised that additional fees may be charged per each additional form, they are not advised upon completion of the preparation of the tax return the total amount of those fees. If customers question the fee, LBS employees are instructed to tell the customer how much more money the preparer got the customer by adding additional forms to the tax return to increase the refund, and that, as the preparer stated in the initial “presentation script” each of those forms to get the customer more money back costs an additional fee.

158. LBS’s fees are not paid by customers at the time of the preparation of their tax returns, but instead are subtracted from the customers’ tax refund. By doing so, LBS is able to conceal from unsuspecting customers the actual amount that the customers pay to have their tax return prepared. Customers typically do not discover that LBS charged much more than the customers anticipated for the preparation of their tax return until the customers receive a refund that is much less than quoted by the tax return preparer because LBS had subtracted its high fees.

159. Tax refunds issued to customers are directed from the IRS to a third-party processor’s bank account. The processor then deducts and transmits the fees owed to Gachette and Pierre-Louis for preparing the tax returns. The remaining refund amount is then directed to the customer, through direct deposit or check. The check issued to the customer makes no reference to the amount of fees deducted, which makes it easy for LBS to conceal, inflate and/or lie about its fees.

160. For example, LBS initially told customer V.R., discussed in paragraph 113, that the fee to prepare his 2012 tax return would be roughly \$50. In actuality, LBS charged V.R. \$696 to prepare and file his 2012 tax return.

161. Similarly, LBS told customer L.H., described above in paragraph 118, that the tax return preparation fee would be around \$100. However, based on the amount of the refund claimed on S.P.'s tax return (as indicated on internal IRS records), and the amount of the refund that L.H. stated she actually received from LBS, the actual amount that LBS subtracted as fees from her refund was over \$1,000.

162. LBS's practice of charging unconscionable and undisclosed fees violates consumer protection laws. The undisclosed and unconscionable fees also interfere with the administration and enforcement of the internal revenue laws. Potential customers go to LBS believing that they will be charged a reasonable fee for the honest and accurate preparation of their tax return. Instead, LBS charges unconscionable fees (based on the inclusion of additional forms and schedules that frequently make fabricated claims designed to fraudulently increase the customers' refund), that are subtracted from customers' falsely inflated refunds, without full disclosure to the customer. Such predatory behavior erodes consumer confidence in tax return preparers and dissuades taxpayers from seeking professional assistance with the preparation of their federal tax returns.

Investigations, Lawsuits, and Penalties have Not Deterred the Defendants

163. Despite knowing of the widespread and pervasive fraudulent conduct surrounding their tax return preparation business, the IRS's examinations of customers' tax returns and assessment of penalties against Victor for failing to comply with the due diligence requirements, lawsuits filed against LBS by the State of Texas and H & R Block, and the well-publicized complaints, including those by the Better Business Bureau, online consumer protection sites, and various local media outlets throughout the country, neither Pierre-Louis, Victor, or Rodriguez have not taken any meaningful steps to stop the fraud.

164. In fact, the only apparent change in 2014 is that several LBS stores began doing business under different names. Pierre-Louis, Victor, and Rodriguez now operate under the name Family Tax Associates. Many, if not all, are operated from the same locations where Defendants operated the LBS stores that they either owned and/or managed. But, in actuality, nothing has changed.

165. To the extent that Pierre-Louis, Victor, and Rodriguez claim that they do not know of the fraud committed by his LBS stores, their ignorance is deliberate, and they, in furtherance of their own greed, intentionally ignore and turn a blind eye to complaints documenting LBS's fraudulent practices.

166. Pierre-Louis, Victor, and Rodriguez have little incentive to stop the wrongdoing because they each directly profit from the misconduct at Pierre-Louis' LBS stores by taking a percentage of all gross revenues. Accordingly, Pierre-Louis, Victor, and Rodriguez promote a culture of greed that favors volume and profits over accuracy and integrity, and creates an environment where fraudulent tax return preparation and violations of federal tax laws flourish.

Harm Caused by the Defendant

167. Pierre-Louis', Victor's, and Rodriguez's knowledge and encouragement of fraud at Pierre-Louis' tax return preparation stores, false and misleading statements directed to customers and potential customers, and culture favoring volume and profits over accuracy and integrity have harmed the public and the United States Treasury. These practices harm the public because Pierre-Louis, Victor, Rodriguez and many of their managers and preparers prepare false or fraudulent tax returns that understate their customers' correct income tax

liabilities and illegally cause customers to incorrectly report their federal tax liabilities and underpay their taxes.

168. The fraudulent practices of Pierre-Louis, Victor, and Rodriguez and many of their managers and preparers harm the United States Treasury in the form of lost tax revenue. For instance, the IRS randomly sampled 224 customers whose 2012 tax returns were prepared at LBS stores that Pierre-Louis owned in the Tampa metropolitan area (including, but not limited to, stores that Victor and Rodriguez oversaw as team leaders and/or DSMs). The IRS interviewed 112 taxpayers and reviewed their LBS-prepared tax returns. The IRS determined that the compliance rate (the number of returns with no errors) from this sample was a mere 7.7%; therefore, 92.3% of the returns in this sample contained errors, with an average tax deficiency of \$2,579 per return. Based on this random sampling and statistical analysis, the IRS estimates that the tax loss from Pierre-Louis-owned LBS stores in the Tampa metropolitan area for tax year 2012 alone could be \$5.9 million or more.

169. Pierre-Louis', Victor's, and Rodriguez's customers have also been harmed because they relied on LBS to prepare proper tax returns. Instead, customers' tax returns substantially understated their correct tax liabilities after paying unconscionably high fees to have their tax returns prepared. As a result, many customers, who are often low-income taxpayers, now face large income tax debts and may be liable for sizeable penalties and interest.

170. Customers are harmed by the unconscionably high and frequently undisclosed tax preparation fees and related bogus fees tied to anticipated tax refunds. These fees are subtracted from the erroneous refunds that result from LBS's fraudulent tax return preparation. When the IRS conducts audits or examinations of customers and seeks repayment of these erroneous refunds, the customers are liable for the repayment of those

refunds. Not only do customers face the hardship associated with repayment of erroneous refunds resulting from LBS's culture of greed at others' expense, but customers may also have to repay the portion of the refund that LBS subtracted for its high fees. Customers may also have to pay additional fees to other tax return preparers who will file correct, accurate amended tax returns to correct the fraudulent tax returns that LBS prepared and filed.

171. Other customers are harmed by LBS's fraudulent practices because they have lost or become ineligible for federal and/or state benefits due to the false claims that LBS made on their tax returns.

172. Pierre-Louis', Victor's, and Rodriguez's misconduct further harms the United States and the public by requiring the IRS to devote scarce resources to detecting the fraud and assessing and collecting lost tax revenues from Defendants' customers. IRS employees have spent thousands of hours conducting audits or reviewing tax returns prepared by LBS and interviewing hundreds of customers. In addition, IRS employees have devoted still more time making compliance visits to various franchises. Consequently, identifying and recovering all lost tax revenues resulting from LBS's fraudulent and illegal activities may be impossible.

173. Pierre-Louis', Victor's, and Rodriguez's conduct also harms honest tax return preparers who refuse to engage in such illegal conduct. Honest tax return preparers unfairly lose business to LBS as a result of LBS's willingness to break the law. Customers often have their returns prepared at LBS because LBS promises the maximum refund, and delivers by fabricating claims and deductions on customers' returns.

174. Finally, Pierre-Louis', Victor's, and Rodriguez's misconduct harms the public at large by undermining public confidence in the federal tax system and encouraging widespread violations of the internal revenue laws.

175. The harm to the government and the public will increase unless Pierre-Louis, Victor, and Rodriguez are enjoined because—given the seriousness and pervasiveness of their illegal conduct—without an injunction, they are likely to continue enabling the preparation of false and fraudulent federal income tax returns for customers. The number of Pierre-Louis-owned LBS stores has increased dramatically over the past 3 years, going from 2 stores in 2012 to at least 12 in 2013, and LBS's stated goal for total stores is 1,000 by 2016. An injunction will serve the public interest because it will put a stop to Pierre-Louis', Victor's, and Rodriguez's illegal conduct and the harm that such conduct causes the United States and its citizens.

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

176. 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 § 6695. 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 tax return preparer. The prohibited conduct justifying an injunction includes, among other things, the following:

- a. Engaging in conduct subject to penalty under I.R.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 I.R.C. § 6694(b), which among other conduct, penalizes a return preparer who recklessly or intentionally disregards IRS rules or regulations;

- c. Engaging in conduct subject to penalty under I.R.C. § 6695(g), which penalizes a return preparer who fails to comply with the statutory due diligence requirements;
- d. Guaranteeing the payment of any tax refund or the allowance of any tax credit; or
- e. Engaging in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws.

177. Section 7701(a)(36) of the I.R.C. 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.

178. Pierre-Louis, Victor, and Rodriguez, as shown above in paragraphs 1 through 175, are tax return preparers who have repeatedly and continually prepared or submitted returns or portions of returns (or employed or managed others who prepared or submitted returns or portions of returns) that contain unreasonable positions and substantially understate the liability for tax on the return. Pierre-Louis, Victor, and Rodriguez advise, instruct, direct, and cause their managers, preparers, and employees to engage in tax fraud, and to prepare federal income tax returns asserting unreasonable, unrealistic, frivolous and fraudulent positions. Accordingly, Pierre-Louis, Victor, and Rodriguez knew (or reasonably should have known) of the unreasonable, unrealistic, frivolous and fraudulent positions.

179. Pierre-Louis, Victor, Rodriguez and those acting in concert with them and at their direction have continually and repeatedly engaged in conduct subject to penalty under I.R.C. § 6694 by preparing federal tax returns that understate his customers’ liabilities based on unrealistic, frivolous and reckless positions. Pierre-Louis, Victor, and Rodriguez, through the actions described above, recklessly or intentionally disregard IRS rules or regulations.

180. Pierre-Louis, Victor, Rodriguez, and those acting in concert with them and at their direction have continually and repeatedly engaged in conduct subject to penalty under I.R.C. § 6695. The Treasury regulations promulgated under I.R.C. § 6695(g) prohibit a return preparer from claiming the EITC without first conducting proper due diligence and documenting his or her compliance with the due diligence requirements. *See* 26 C.F.R. § 1.6995-2 (2011). Pierre-Louis, Victor, and Rodriguez advise, encourage, and cause their managers, preparers, and employees to circumvent these due diligence requirements and to ignore or disregard the information provided by customers.

181. Pierre-Louis', Victor's, and Rodriguez's failure to comply with the due diligence requirements for the EITC violates Treasury Regulations and their willingness to falsify information to obtain the EITC for their customers shows a reckless and/or intentional disregard of IRS rules and regulations.

182. Pierre-Louis, Victor, and Rodriguez, and those acting in concert with them and at their direction have continually and repeatedly prepared federal income tax returns that claim the EITC for customers where they and those acting in concert with them and at their direction have not conducted, let alone documented, the required due diligence procedures.

183. Pierre-Louis, Victor, and Rodriguez also fail to comply with I.R.C. §§ 6107 and 6695(a), which require that a tax return preparer provide a copy of the completed tax return to the taxpayer.

184. Pierre-Louis, Victor, and Rodriguez continual and repeated violations of I.R.C. §§ 6694 and 6695 fall within I.R.C. § 7407(b)(1)(A), and thus are subject to an injunction under I.R.C. § 7407.

185. Pierre-Louis', Victor's, and Rodriguez's continual and repeated fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws falls within I.R.C. § 7407(b)(1)(D), and thus is subject to an injunction under I.R.C. § 7407.
186. Pierre-Louis, Victor, Rodriguez, and those acting in concert with them and at their direction have continuously and repeatedly guaranteed refunds to customers and guaranteed the allowance of tax credits, including but not limited to the EITC. This conduct falls within I.R.C. § 7407(b)(1)(C), and thus is subject to an injunction under I.R.C. § 7407.
187. If Pierre-Louis, Victor, and Rodriguez are not enjoined from all tax preparation, they and those acting in concert with them and at their direction are likely to continue to prepare and file false and fraudulent tax returns.
188. Pierre-Louis', Victor's, and Rodriguez's continual and repeated conduct subject to an injunction under I.R.C. § 7407, including their continual and repeated fabrication of expenses and deductions, is so flagrantly illegal and so egregious that it demonstrates that a narrow injunction prohibiting only specific conduct would be insufficient to prevent Pierre-Louis', Victor's, and Rodriguez's interference with the proper administration of the internal revenue laws. Accordingly, Pierre-Louis, Victor, and Rodriguez should be permanently barred from acting as federal tax preparers, and from owning, operating, managing, controlling, licensing, franchising, or working for a tax return preparation business.

Count II: Injunction under I.R.C. § 7408

189. Section 7408 of the I.R.C. authorizes a district court to enjoin any person from engaging in conduct subject to penalty under either I.R.C. § 6700 or § 6701 if injunctive relief is appropriate to prevent recurrence of such conduct.

190. 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. Under I.R.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."

191. Pierre-Louis, Victor, and Rodriguez, through the actions detailed above in paragraphs 1 through 175, caused the presentation and preparation of false, fraudulent, and abusive tax returns and other documents. Pierre-Louis, Victor, and Rodriguez prepare, assist, and/or advise with respect to the presentation and preparation of federal tax returns for customers that they knows will understate their correct tax liabilities, because Pierre-Louis, Victor, and Rodriguez knowingly prepare, assist, and/or advise with respect to the presentation and preparation of returns claiming bogus expenses and deductions. Pierre-Louis, Victor, and Rodriguez procured and assisted the preparation of false and fraudulent tax returns by encouraging the filing of tax returns they knew were false or fraudulent, and by employing, training, and supervising tax return preparers engaging in tax fraud. Pierre-Louis', Victor's, and Rodriguez's conduct is thus subject to a penalty under I.R.C. § 6701.

192. In addition, Pierre-Louis, Victor, and Rodriguez are likely to continue violating the law absent an injunction. Tax return preparation is Pierre-Louis', Victor's, and Rodriguez's primary source of revenue. To maximize that income, Pierre-Louis, Victor, and Rodriguez instruct and direct their managers and preparers to prepare fraudulent returns. That fraudulent conduct, in turn, gives Pierre-Louis, Victor, and Rodriguez a competitive edge over law-abiding preparers. It also provides a means for Pierre-Louis, Victor, and Rodriguez to further exploit their customers by charging them unconscionably high fees, while Pierre-Louis', Victor's, and Rodriguez's fraud simultaneously and callously exposes their customers to possible civil and criminal liability.

193. If the Court does not enjoin Pierre-Louis, Victor, and Rodriguez, they are likely to continue to engage in conduct subject to penalty under I.R.C. § 6701. Pierre-Louis', Victor's, and Rodriguez's, and those acting in concert with them and at their direction, preparation of returns claiming improper expenses and deductions is widespread over many customers and tax years. Injunctive relief is therefore appropriate under I.R.C. § 7408.

**Count III: Injunction Disgorgement under I.R.C. § 7402(a)
Necessary to Enforce the Internal Revenue Laws**

194. Section 7402 of the I.R.C. authorizes a district court to issue injunctions, orders, judgments, and decrees as may be necessary or appropriate for the enforcement of the internal revenue laws.

195. Pierre-Louis, Victor, and Rodriguez, through the actions described above in paragraphs 1 through 175, including, but not limited to, intentionally understating their customers' tax liabilities, charging unconscionable and undisclosed fees for the preparation of federal tax

returns that intentionally understate their customers' tax liabilities, and have engaged in conduct that substantially interferes with the enforcement of the internal revenue laws.

196. Unless enjoined, Pierre-Louis, Victor, and Rodriguez, and those acting in concert with them and at their direction are likely to continue to engage in such improper conduct and interfere with the enforcement of the internal revenue laws. If Pierre-Louis, Victor, and Rodriguez 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.

197. While the United States will suffer irreparable injury if Pierre-Louis, Victor, and Rodriguez are not enjoined, Pierre-Louis, Victor, and Rodriguez will not be harmed by being compelled to obey the law.

198. Enjoining Pierre-Louis, Victor, and Rodriguez is in the public interest because an injunction, backed by the Court's contempt powers if needed, will stop Pierre-Louis', Victor's, and Rodriguez's illegal conduct and the harm it causes the United States and to their customers.

199. The Court should impose injunctive relief under 26 U.S.C. § 7402(a).

200. Pierre-Louis', Victor's, and Rodriguez's conduct, which substantially interferes with the enforcement of the internal revenue laws, caused the United States to issue tax refunds to individuals not entitled to receive them, and Defendants have unjustly profited at the expense of the United States by subtracting their exorbitant fees from those refunds.

201. The Court should enter an order under 26 U.S.C. § 7402(a) requiring Pierre-Louis to disgorge to the United States the proceeds that Pierre-Louis and his businesses received for the preparation of federal tax returns that make false or fraudulent claims.

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

A. That the Court find that Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez have continually and repeatedly engaged in conduct subject to penalty under I.R.C. §§ 6694 and 6695, and have continually and repeatedly engaged in other fraudulent 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 Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez from acting as federal tax return preparers;

C. That the Court find that Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez have engaged in conduct subject to 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 Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez have engaged in conduct that 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 I.R.C. § 7402(a);

E. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter a permanent injunction prohibiting Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, and all those in active concert or participation with them, 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) preparing or assisting in preparing federal tax returns that they know or reasonably should have known would result in an understatement of tax

liability or the overstatement of federal tax refund(s) as penalized by I.R.C. § 6694;

- (3) owning, operating, managing, working in, controlling, licensing, consulting with, or franchising a tax return preparation business;
- (4) training, instructing, teaching, and creating or providing cheat sheets, memoranda, directions, instructions, or manuals, pertaining to the preparation of federal tax returns;
- (5) engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6695, 6701, or any other penalty provision in the I.R.C.; and
- (6) 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) and 7407, enter an order requiring Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez to immediately and permanently close, because of the pervasive fraud, all tax return preparation stores that they own directly or through Golden Financial, Inc., Family Tax Associates, LLC; JehoakimVictor, LLC; and LauriRodriguez, LLC, or any other entity, and whether those stores do business as LBS Tax Services or under any other name;

G. That the Court, pursuant to I.R.C. §§ 7402(a) and 7407, enter an order appointing a receiver to sell all of the hard assets, such as computers (after any and all taxpayer information has been removed), electronics, and furniture, for all tax return preparation stores that Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez own directly or through Golden Financial, Inc., Family Tax Associates, LLC; JehoakimVictor, LLC; and LauriRodriguez, LLC, or any other entity, and whether those stores do business as LBS Tax Services or under any other name;

H. That the Court, pursuant to I.R.C. § 7402(a), enter an order prohibiting Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, directly or through Golden Financial, Inc., Family Tax Associates, LLC; JehoakimVictor, LLC; and LauriRodriguez, LLC, or any other entity,

from assigning, transferring, or selling any franchise agreement, independent contractor agreement, or employment contract related to LBS Tax Services or any other tax return preparation business to which they or any entity under their control is a party;

I. That the Court, pursuant to I.R.C. § 7402(a), enter an order barring Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez from: (1) selling to any individual or entity a list of customers, or any other customer information, for whom Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, LBS Tax Services, and any other business or name through which Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, or those acting at their direction have at any time since 2010 prepared a tax return; (2) assigning, disseminating, providing, or giving to any current or former franchisee, General Sales Manager, Team Leaders, District Sales Manager, manager, tax return preparer, employee, or independent contractor of Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, LBS Tax Services, or any other business through which Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez prepare tax returns or own or franchise a tax return preparation business, a list of customers or any other customer information for customers for whom Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, LBS Tax Services, and any other business or name through which Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, or those acting at their direction have at any time since 2010 prepared a tax return; and (3) selling to any individual or entity any proprietary information pertaining to LBS Tax Services and any other business or name through which Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, or those acting at their direction have, at any time since 2010, prepared a tax return;

J. That the Court, pursuant to 26 U.S.C. § 7402, enter an order requiring Kerny Pierre-Louis to disgorge to the United States the proceeds (the amount of which is to be determined by

the Court) that Pierre-Louis, Golden Financial, Inc., Family Tax Associates, LLC, received (in the form of fees) for the preparation of tax returns that make or report false or fraudulent claims, deductions, credits, income, expenses, or other information that results in the understatement of taxes, prepared since 2011 at LBS Tax Services stores owned by Pierre-Louis, Golden Financial, Inc., and/or Family Tax Associates, LLC;

K. That the Court, pursuant to I.R.C. §§ 7402(a) and 7407, enter an order requiring Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez to contact, within thirty 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 Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, and their managers, and/or preparers prepared federal tax returns or claims for a refund for tax years 2010 through 2013 to inform them of the permanent injunction entered against them, including sending a copy of the order of permanent injunction but not enclosing any other documents or enclosures unless agreed to by counsel for the United States or approved by the Court;

L. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an order requiring Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez to produce to counsel for the United States, within thirty 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 Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, and their managers, and preparers prepared federal tax returns or claims for a refund for tax years beginning in 2010 and continuing through this litigation;

M. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an order requiring Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez to produce to counsel for the United States, within thirty 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 Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, LBS Tax Services, Golden Financial, Inc., Family Tax Associates, LLC; JehoakimVictor, LLC; and LauriRodriguez, LLC, from 2010 to the present;

N. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an injunction requiring Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez to provide a copy of the Court's order to all principals, officers, managers, franchisees, employees, and independent contractors of Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, LBS Tax Services, Golden Financial, Inc., Family Tax Associates, LLC; JehoakimVictor, LLC, and LauriRodriguez, LLC, within fifteen 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 whom Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez provided a copy of the Court's order;

O. That the Court retain jurisdiction over Kerny Pierre-Louis, Jehoakim Victor, and Lauri Rodriguez, and over this action to enforce any permanent injunction entered against them;

P. That the United States be entitled to conduct discovery to monitor Kerny Pierre-Louis', Jehoakim Victor's and Lauri Rodriguez's compliance with the terms of any permanent injunction entered against them; and


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

Dated: September 23, 2014.

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