

COPY

1 GEORGE S. CARDONA
Acting United States Attorney

2 GRAYSON A. HOFFMAN
3 Member, Virginia Bar, 73726
4 Trial Attorney, Tax Division
5 U.S. Department of Justice
6 Post Office Box 7238
7 Ben Franklin Station
Washington, D.C. 20044
Telephone: (202) 616-2904
Facsimile: (202) 514-6770
Email: Grayson.A.Hoffman@usdoj.gov

8 JOSEPH P. WILSON (SBN 228180)
9 Assistant United States Attorney
10 Room 7211 Federal Building
11 300 North Los Angeles Street
12 Los Angeles, California 90012
Telephone: (213) 894-4961
Facsimile: (213) 894-0115
Email: Joseph.P.Wilson@usdoj.gov
Attorneys for United States of America

13 UNITED STATES DISTRICT COURT
14 FOR THE CENTRAL DISTRICT OF CALIFORNIA

15 WESTERN DIVISION

CV09-7817 AHM (FFM)

16 UNITED STATES OF AMERICA,

17 Plaintiff,

18 v.

19 JACQUELINE CORNEJO, d.b.a.
20 J.C., d.b.a. J.C. INCOME TAX
21 SERVICES,

22 Defendant.

) Case No.

) **COMPLAINT FOR PERMANENT
INJUNCTION AND OTHER
RELIEF**

23 Plaintiff, United States of America, for its complaint against JACQUELINE
24 CORNEJO, d.b.a. J.C. or d.b.a. J.C. INCOME TAX SERVICES ("defendant" or
25 "Cornejo"), states as follows:

- 26 1. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345 and
27 26 U.S.C. §§ 7402(a), 7407, and 7408.

U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

2009 OCT 27 AM 11:49

FILED

1 2. This suit is brought under §§ 7402, 7407, and 7408 of the Internal Revenue
2 Code (26 U.S.C.) (I.R.C.) to enjoin Cornejo from the following activities:

3 (a) Preparing or filing, or assisting in, or directing the preparation or
4 filing of any federal tax return, amended return or other federal tax
5 documents or forms for any other person or entity;

6 (b) Directly or indirectly organizing, promoting, marketing, or selling any
7 plan or arrangement that advises or assists taxpayers to attempt to
8 violate internal revenue laws or unlawfully evade the assessment or
9 collection of their federal tax liabilities, including promoting, selling,
10 or advocating the use of false Forms 1099 or other documents based
11 on the false claims that:

12 i. Taxpayers can draw on the Treasury of the United States to pay
13 their tax debt or other debt using Forms 1099 or other IRS
14 documents or tax returns;

15 ii. Taxpayers can issue false Forms 1099 on behalf of a creditor
16 and report on federal tax returns the amount on the false Form
17 1099 as federal income taxes withheld on their behalf; and

18 iii. Taxpayers have an account with the Treasury Department from
19 which they can draw funds through a process that is often
20 called “redemption” or “commercial redemption.”

21 (c) Engaging in conduct subject to penalty under 26 U.S.C. § 6700,
22 including organizing or selling a plan or arrangement and making or
23 furnishing a statement regarding the excludability of income or
24 securing any other tax benefit that Cornejo knows or has reason to
25 know is false or fraudulent as to any material matter;
26
27

- 1 (d) Engaging in conduct subject to penalty under 26 U.S.C. § 6701,
2 including preparing and filing tax returns and other documents that
3 understate the tax liabilities of others;
- 4 (e) Preparing her own federal income tax returns claiming income
5 withholding and refunds based on amounts shown in Forms 1099-
6 OID issued to her own creditors;
- 7 (f) Filing, providing forms for, or otherwise aiding and abetting the filing
8 of frivolous IRS Forms 1040, 1040X, 1099, Schedule B, and other
9 IRS documents for herself or others, including the notarization or
10 signing of certificates of service or similar documents in connection
11 with the frivolous tax returns;
- 12 (g) Representing anyone other than herself before the Internal Revenue
13 Service;
- 14 (h) Engaging in any other conduct that is subject to penalty under the
15 Internal Revenue Code or that interferes with the proper
16 administration and enforcement of the internal revenue laws.

17 3. This action has been requested by the Chief Counsel of the Internal
18 Revenue Service, a delegate of the Secretary of the Treasury, and
19 commenced at the direction of a delegate of the Attorney General under 26
20 U.S.C. §§ 7402, 7407, and 7408.

21 **Defendant**

22 4. Jacqueline Cornejo resides and does business in Los Angeles, California, in
23 the Central District of California. Venue is thus proper in this Court under
24 28 U.S.C. § 1391.

25 5. Jacqueline Cornejo also does business as "J.C." and "J.C. Income Tax
26 Services."

1 6. Jacqueline Cornejo prepares tax returns for others in exchange for
2 compensation. In 2008 and 2009, Cornejo has prepared and filed at least 47
3 federal income tax returns (and amended returns).

4 7. In 2008 and 2009, Cornejo prepared and/or filed fraudulent federal income
5 tax returns (IRS Form 1040) and amended federal income tax returns (IRS
6 Form 1040X) for tax years 2004, 2005, 2006, 2007, and 2008, and prepared
7 and/or filed with the IRS other frivolous documents for herself and on
8 behalf of others in exchange for compensation.

9 8. The IRS advised Cornejo on December 22, 2008, that returns she was
10 preparing and filing were frivolous, but she ignored this warning and
11 continued to prepare and file returns using the same scheme.

12 **The Defendant's Tax-Fraud Scheme**

13 9. Cornejo promotes a tax-fraud scheme that involves filing fraudulent federal
14 income tax returns and other frivolous documents with the IRS on behalf of
15 her customers.

16 10. Cornejo fabricates federal income tax withholdings on tax returns she
17 prepares. The fabricated tax withholding reported to the IRS on her
18 customers' returns results in fraudulent refund claims by her customers in
19 amounts as large as \$4.4 million per customer.

20 11. In support of her fraudulent refund claims, Cornejo prepares and files with
21 the IRS false Forms 1040, 1040X, 1099-OID, 1099-A, 1096, Schedule B,
22 and other false documents.

23 12. Other courts have enjoined tax return preparers for promoting the very same
24 tax schemes and for preparing the same type of bogus tax returns and
25 supporting documentation. *See, e.g., United States v. Teresa Marty, et al.*,
26 at: <http://www.usdoj.gov/opa/pr/2009/September/09-tax-937.html>; *see also*
27 *United States v. Kahn*, 2004 WL 1089116, *1 (March 30, 2004 M.D. Fla.)

1 (court held defendants in contempt of injunction that arose from defendants'
2 promotion of abusive tax schemes including "outlandish mechanisms" such
3 as using counterfeit bonds and checks to draw on fictitious treasury
4 accounts supposedly in their customers' name). Other courts have
5 condemned the tax scheme. *Ray v. Williams*, 2005 WL 697041, *5-6
6 (March 24, 2005 D. Or.) (in considering prison's bar on the delivery of the
7 book "Cracking the Code, Third Edition," held that book contained
8 fraudulent claim of "Redemptionists" that direct treasury account exists that
9 has a balance equal to the monetary value the government places on the life
10 of an individual); *Monroe v. Beard*, 2007 WL 2359833, *2 (Aug. 16, 2007
11 E.D. Pa.) (characterized Redemption as an "anti-government scheme that
12 utilizes commercial law to harass and terrorize its targets").

13 13. The IRS issued a nationwide "problem alert" warning taxpayers about the
14 very same tax scheme that defendant is promoting in this case, on October
15 10, 2008: <http://www.irs.gov/newsroom/article/0,,id=98129,00.html>

16 14. IRS Forms 1099-OID are used to report Original Issue Discount (OID)
17 income (and any federal income tax withheld from that income). Original
18 issue discount income refers to the difference between the discounted price
19 at which a debt instrument is sold at issuance, and the stated redemption
20 price at maturity. OID is generally included in a taxpayer's income as it
21 accrues over the term of the debt instrument, whether or not the taxpayer
22 actually receives payments from the issuer of the debt instrument. OID is
23 treated like a payment of interest, and a party issuing a financial instrument
24 generating OID must issue a Form 1099-OID.

25 15. IRS Forms Schedule B are used to report interest and dividend income, and
26 are attached to IRS Forms 1040 and 1040X.

- 1 16. IRS Forms 1096 are used to transmit Forms 1099-OID (and other forms) to
2 the IRS.
- 3 17. The fraudulent Forms 1099-OID that Cornejo prepares and submits with
4 returns she prepares falsely state that her customers are “payees” who
5 receive OID income from their creditors.
- 6 18. The frivolous IRS Forms 1099-OID submitted with the returns that Cornejo
7 prepares typically show false OID income paid by a customer’s creditor –
8 usually a credit card company or a mortgage company – to the customer.
- 9 19. The Forms 1099-OID that Cornejo prepares and submits also falsely state
10 that federal income taxes were withheld for some or the full amount of OID
11 purportedly received by the customer.
- 12 20. Cornejo prepares bogus tax returns reporting false income which equals or
13 approximates the total amount of the false OID, and claim false withholding
14 on the customer’s IRS Form 1040 (or 1040X). On the returns, Cornejo
15 claims huge false refunds, often exceeding \$100,000. One of the returns
16 Cornejo prepared for a customer in 2008 included a fraudulent refund claim
17 for \$4.4 million.
- 18 21. Consequently, Cornejo’s customers fail to file correct federal income tax
19 returns (and amended returns), and falsely claim tax refunds to which they
20 are not entitled.
- 21 22. In some cases, Cornejo does not prepare IRS Forms 1099-OID and, instead,
22 just prepares and submits a false Form Schedule B reporting false interest
23 income from creditors and false withholding on line 62 of the return.
- 24 23. The IRS Forms Schedule B that Cornejo prepares and files with her
25 customers’ federal tax returns typically show the customer as the “payee” of
26 purported interest income paid to them by a creditor.
- 27

- 1 24. The IRS Forms 1096 that Cornejo prepares and files with the IRS also
2 falsely report federal income tax withheld.
- 3 25. Cornejo fails to sign under penalty of perjury the IRS Forms 1096 she
4 prepares and submits to the IRS.
- 5 26. The purpose of Cornejo's frivolous IRS Forms 1040, 1040X, 1099-OID,
6 1099-A, 1096, Schedule B, and other documents is to request fraudulent
7 income tax refunds. The scheme is based in part on Cornejo's absurd claim
8 that secret accounts exist that can be accessed to pay these bogus refund
9 claims.
- 10 27. In reality, regardless what forms are used or what they say, Cornejo's
11 scheme involves one central element. She fraudulently reports that income
12 tax was withheld from her customers and then claims refunds based on
13 those non-existent withholdings.

14 **Examples**

- 15 28. In February of 2009, Cornejo prepared a 2008 Form 1040 federal income
16 tax return for David L. Cossak, who resides in North Hollywood, California.
17 On the return, Cornejo requested a fraudulent refund of \$1,975,630, falsely
18 claiming income tax withholding totaling \$3,001,683. To support these
19 fraudulent claims, Cornejo prepared and attached 11 bogus IRS Forms
20 1099-OID, two false Forms 1096, a false Form 1099-A, and a bogus
21 Schedule B. The false Forms 1099-OID that Cornejo prepared are absurdly
22 fraudulent, reporting, for example, purported interest payments to Cossak by
23 the Superior Court of California (in the amount of \$975,000), the U.S.
24 Bankruptcy Court (in the amount of \$637,000), and a "court clerk" in
25 Woodland Hills, California (in the amount of \$1 million).
- 26 29. In December of 2008, Cornejo prepared and filed a 2005 Form 1040X
27 amended federal income tax return for Robert and Leslie Tarabella, who

1 reside in Fairhope, Alabama. On the return, Cornejo requested a fraudulent
2 refund of \$4,423,346, falsely claiming income tax withholding totaling
3 \$6,424,854. To support these fraudulent claims, Cornejo prepared and
4 attached 12 bogus IRS Forms 1099-OID, a false Form 1040 and a false
5 Schedule B.

6 30. In April of 2009, Cornejo prepared a 2005 Form 1040X amended federal
7 income tax return for Vernon and Rancee Houk, who reside in Central Point,
8 Oregon. On the return, Cornejo requested a fraudulent refund of \$317,003,
9 falsely claiming an income tax withholding totaling \$464,080. To support
10 these fraudulent claims, Cornejo attached four bogus IRS Forms 1099-OID,
11 a false Form 1040, six bogus Form 1099-A, and a false Schedule B.

12 31. In December of 2008, Cornejo prepared a 2005 Form 1040X amended
13 federal income tax return for Mark and Meredith Wasmuth, who reside in
14 Chapel Hill, North Carolina. On the return, Cornejo requested a fraudulent
15 refund of \$1,157,876, falsely claiming an income tax withholding totaling
16 \$1,777,311. To support these fraudulent claims, Cornejo prepared and
17 attached 9 bogus IRS Forms 1099-OID, a false Form 1040 and a false
18 Schedule B.

19 **Harm Caused by the Defendant's Misconduct**

20 32. The IRS has identified at least 47 returns prepared and/or filed by Cornejo
21 in 2008 and 2009 that request refunds based on her fraudulent Forms 1040,
22 1040X, 1099-OID, 1099-A, 1096, Schedule B, and other false IRS
23 documents. Many of the refund requests on these fraudulent returns exceed
24 \$100,000 and one return requests a refund of approximately \$4.4 million.
25 The total amount of bogus refunds requested on those 47 returns is
26 approximately \$12.1 million.

1 33. Cornejo has prepared and filed at least 47 federal income tax returns (and
2 amended returns) in 2008 and 2009 alone, claiming bogus refunds using her
3 Form OID-1099 scheme.

4 34. Cornejo's scheme is part of a growing trend among tax defiers to file
5 frivolous tax returns, Forms 1099-OID, and other IRS documents with the
6 IRS and courts in an attempt to escape their federal tax obligations and steal
7 from the U.S. Treasury.

8 35. In reliance on Corenjo's services, her customers have failed to file proper
9 federal income tax returns, which has either deprived the customers of
10 proper tax refunds to which they may have been entitled, or deprived the
11 United States of additional tax revenue owed by her customers.

12 36. While the IRS is able to detect and stop most fraudulent refund claims,
13 Cornejo's fraudulent tax return preparation has resulted in the IRS's
14 issuance of at least \$460,642 in erroneous payments to her customers.

15 37. In addition to the lost revenue due to the issuance of erroneous refunds, the
16 government has also incurred the expense of conducting the investigation of
17 Cornejo's fraudulent return preparation and responding to and processing
18 the frivolous documents that Cornejo submitted to the IRS.

19 38. The false Forms 1040, 1040X, 1099-OID, 1099-A, 1096, Schedule B, and
20 other IRS documents prepared and submitted by Cornejo may also result in
21 the assessment of erroneous penalties against the creditors identified in the
22 forms for failing to timely or accurately submit the forms to the IRS.

23 **Count I: Injunction Under 26 U.S.C. § 7407**

24 39. The United States incorporates by reference the allegations contained in
25 paragraphs 1 through 38.

26 40. Internal Revenue Code § 7407 authorizes the United States to seek an
27 injunction against any tax return preparer who has engaged in any

1 “fraudulent or deceptive conduct which substantially interferes with the
2 proper administration of the Internal Revenue laws,” or who has “engaged
3 in any conduct subject to penalty under section 6694 or 6695.”

4 41. If a return preparer’s misconduct is continual or repeated and the court finds
5 that a narrower injunction (*i.e.* prohibiting specific enumerated conduct)
6 would not be sufficient to prevent the preparer’s interference with the
7 proper administration of federal tax laws, the court may enjoin the person
8 from further acting as a return preparer.

9 42. Cornejo has continually and repeatedly prepared and filed with the IRS false
10 and frivolous federal income tax returns (and amended returns) on behalf of
11 her customers.

12 43. As a result, Cornejo has repeatedly and continually engaged in fraudulent or
13 deceptive conduct which substantially interferes with the proper
14 administration of the Internal Revenue laws.

15 44. Cornejo has repeatedly and continually prepared and filed federal tax
16 returns that understate her customers’ tax liabilities as a result of
17 unreasonable and frivolous claims and, thus, has engaged in conduct subject
18 to penalty under 26 U.S.C. § 6694.

19 45. Cornejo has repeatedly and continually failed to sign federal tax returns she
20 prepares for others and, thus, has engaged in conduct subject to penalty
21 under 26 U.S.C. § 6695. For example, Cornejo failed to sign David L.
22 Cossak’s 2008 Form 1040 federal income tax return.

23 46. Cornejo has repeatedly and continually prepared and filed federal income
24 tax returns (and amended returns) that understate her customers’ tax
25 liabilities as a result of her willful attempts to understate their tax liabilities,
26 and/or her reckless and/or intentional disregard of internal revenue laws and
27 regulations.

1 47. Injunctive relief is appropriate to prevent this misconduct because, absent an
2 injunction, Cornejo is likely to continue to prepare and file false federal
3 income tax returns and engage in other misconduct of the type described in
4 this complaint. Cornejo has prepared and filed bogus returns seeking
5 fraudulent refunds as recently as April of 2009.

6 48. Cornejo has continually and repeatedly prepared returns that include
7 fraudulent refund claims.

8 49. Cornejo should be permanently enjoined under 26 U.S.C. § 7407 from
9 acting as a federal tax return preparer because a limited injunction would be
10 insufficient to stop her from interfering with the proper administration of the
11 tax laws.

12 **Count II: Injunction Under 26 U.S.C. § 7408 for Violation of 26 U.S.C. §§**
13 **6700 and 6701**

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

16 51. I.R.C. § 7408 authorizes a district court to enjoin any person from, *inter*
17 *alia*, engaging in conduct subject to penalty under I.R.C. § 6700 or 6701 if
18 injunctive relief is appropriate to prevent recurrence of that conduct.

19 52. Section 6700 imposes a penalty on any person who organizes or participates
20 in the sale of a plan or arrangement and in so doing makes a statement with
21 respect to the allowability of any deduction or credit, the excludability of
22 any income, or the securing of any tax benefit by participating in the plan or
23 arrangement which that person knows or has reason to know is false or
24 fraudulent as to any material matter.

25 53. In 2008 and 2009, Cornejo organized and participated in the sale of a plan
26 or arrangement and, in doing so, made false and fraudulent statements with
27

1 respect to the tax benefits of participating in the plan or arrangement which
2 Cornejo knew or had reason to know were false.

3 54. Cornejo falsely promised larger tax refunds from the government, which she
4 knew or had reason to know was predicated on the submission of fraudulent
5 documents to the IRS.

6 55. As a result, Cornejo engaged in conduct subject to penalty under 26 U.S.C.
7 § 6700.

8 56. Section 6701 imposes a penalty on any person who aids or assists in,
9 procures, or advises with respect to, the preparation of any portion of a
10 return, affidavit, claim, or other document, who knows (or has reason to
11 believe) that such portion will be used in connection with any material
12 matter arising under the internal revenue laws, and who knows that such
13 portion (if so used) would result in an understatement of the liability for tax
14 of another person.

15 57. Cornejo prepared and aided or assisted in the preparation and filing of
16 federal income tax returns and other documents that resulted in the
17 understatement of her customers' tax liabilities.

18 58. Cornejo knew or had reason to believe that the fraudulent documents they
19 prepared and filed with the IRS – including bogus IRS Forms 1040, 1040X,
20 1099-OID, 1099-A, 1096, and Schedule B – would drastically understate
21 her customers' federal income tax liabilities.

22 59. As a result, Cornejo has engaged in conduct subject to penalty under 26
23 U.S.C. § 6701.

24 60. Cornejo has shown no remorse for her actions and continues to assert that
25 her fraudulent tax returns are correct.

26 61. Injunctive relief is appropriate to prevent recurrence of Cornejo's penalty
27 conduct.

Count III: Injunction Under 26 U.S.C. § 7402

- 1
- 2 62. The United States incorporates by reference the allegations contained in
- 3 paragraphs 1 through 61.
- 4 63. I.R.C. § 7402(a) authorizes a court to issue injunctions as may be necessary
- 5 or appropriate for the enforcement of the internal revenue laws, even if the
- 6 United States has other remedies available for enforcing those laws.
- 7 64. Cornejo substantially interferes with the enforcement of the internal revenue
- 8 laws by promoting her “redemption” or “commercial redemption” tax-fraud
- 9 scheme and filing frivolous federal tax returns and other documents on
- 10 behalf of her customers.
- 11 65. As a result of Cornejo’s misconduct, her customers fail to file proper tax
- 12 returns, erroneous refunds for hundreds of thousands of dollars have been
- 13 issued to her customers, and the customers are potentially liable for
- 14 substantial penalties.
- 15 66. Cornejo’s conduct causes irreparable harm to the United States and to the
- 16 public for which there is no adequate remedy at law.
- 17 67. Unless enjoined by this Court, Cornejo will continue to promote and
- 18 administer this tax-fraud scheme.
- 19 68. The United States is entitled to injunctive relief under I.R.C. § 7402(a) to
- 20 prevent the recurrence of this misconduct.

21 WHEREFORE, Plaintiff, the United States of America, prays for the

22 following relief:

23 A. That the Court find that Jacqueline Cornejo, d/b/a J.C. and J.C.

24 Income Tax Services, has continually and repeatedly engaged in conduct subject

25 to penalty under 26 U.S.C. §§ 6694, 6695, 6700, and 6701, and that injunctive

26 relief is appropriate under 26 U.S.C. §§ 7402, 7407, and 7408 to bar Cornejo from

27

1 acting as a tax return preparer, and from engaging in conduct subject to penalty
2 under 26 U.S.C. §§ 6700 and 6701;

3 B. That the Court find that Cornejo has engaged in conduct that
4 substantially interferes with the enforcement and administration of the internal
5 revenue laws, and that injunctive relief against her is appropriate to prevent the
6 recurrence of that misconduct pursuant to 26 U.S.C. §§ 7407 and 7402(a);

7 C. That the Court, under 26 U.S.C. §§ 7402 and 7407, enter a permanent
8 injunction permanently barring Cornejo from acting as a federal tax return
9 preparer and from preparing or filing federal tax returns or forms for others, from
10 representing others before the IRS, and from advising anyone concerning federal
11 tax matters;

12 D. That the Court, under 26 U.S.C. §§ 7402 and 7407, enter a permanent
13 injunction prohibiting Cornejo and her representatives, agents, servants,
14 employees, attorneys, independent contractors, anyone in active concert or
15 participation with them, from directly or indirectly;

- 16 (1) Preparing or filing, or assisting in, or directing the preparation
17 or filing of any federal income tax return, amended return, IRS
18 Form 1099-OID, IRS Form Schedule B, or any other tax-
19 related documents or forms for any other person or entity;
- 20 (2) Engaging in activity subject to penalty under 26 U.S.C. §§
21 6694 or 6695;
- 22 (3) Engaging in any other activity subject to penalty under the
23 Internal Revenue Code; and
- 24 (4) Engaging in other conduct that substantially interferes with the
25 proper administration and enforcement of the internal revenue
26 laws;

1 E.. That this Court, under 26 U.S.C. §§ 7402 and 7408, enter a
2 permanent injunction prohibiting Cornejo and her representatives, agents,
3 servants, employees, and anyone in active concert or participation with her, from
4 directly or indirectly by means of false, deceptive, or misleading commercial
5 speech:

- 6 (1) Organizing or selling tax shelters, plans or arrangements that
7 advise or assist taxpayers to attempt to evade the assessment or
8 collection of such taxpayers' correct federal tax;
- 9 (2) Engaging in any other activity subject to penalty under 26
10 U.S.C. § 6700, including organizing or selling a plan or
11 arrangement and making a statement regarding the
12 excludability of income or securing of any other tax benefit by
13 participating in the plan that Cornejo knows or has reason to
14 know is false or fraudulent as to any material matter;
- 15 (3) Engaging in any activity subject to penalty under 26 U.S.C. §
16 6701; and
- 17 (4) Directly or indirectly organizing, promoting, marketing, or
18 selling any plan or arrangement that advises or encourages
19 taxpayers to attempt to violate internal revenue laws or
20 unlawfully evade the assessment or collection of their federal
21 tax liabilities, including promoting, selling, or advocating the
22 use of the "commercial redemption" theory and false Forms
23 1099-OID based on the false claims that:
 - 24 i. Taxpayers can draw on the Treasury of the United States
25 to pay their tax debt or other debt using Forms 1099-OID
26 or other tax-related documents;

- 1 ii. Taxpayers can issue false Forms 1099-OID on behalf of
2 a creditor and report the amount on the false Form 1099
3 as federal income taxes withheld on their behalf; and
4 iii. Taxpayers have an account with the Treasury
5 Department from which they can draw funds through a
6 process that is often called “redemption” or “commercial
7 redemption.”

8 F. That this Court under 26 U.S.C. § 7402, enter a permanent injunction
9 prohibiting Cornejo from preparing her own federal income tax returns claiming
10 false income tax withholding and refunds, whether or not they are based on
11 amounts shown in false Forms 1099-OID issued to her creditors and false Forms
12 Schedule B;

13 G. That this Court under 26 U.S.C. § 7402, enter a permanent injunction
14 prohibiting Cornejo from filing, providing forms for, or otherwise aiding and
15 abetting the filing of frivolous Forms 1040, Forms 1040X, Forms 1099-OID,
16 Forms 1099-A, Forms 1096, and Schedules B for herself or others;

17 H. That this Court, under 26 U.S.C. § 7402, enter an injunction requiring
18 Cornejo to contact by mail (and also by e-mail, if an address is known) all persons
19 who have purchased any products, services or advice associated with the false or
20 fraudulent tax scheme described in this complaint, enclosing a copy of the
21 permanent injunction against Cornejo;

22 J. That this Court, under 26 U.S.C. § 7402, order Cornejo to provide to
23 counsel for the United States a list of all persons for whom she has prepared
24 federal tax returns, and who have purchased any products, services or advice from
25 Cornejo in the past three years;

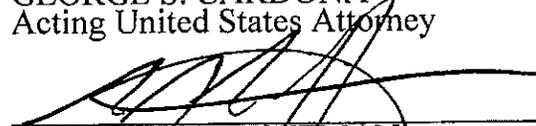
26 K. That this Court allow the government full post-judgment discovery to
27 monitor Cornejo’s compliance with the injunction; and

1 L. That this Court grant the United States such other and further relief as
2 the Court deems just and appropriate.

3
4 DATE: October 27, 2009

5 Respectfully submitted,

6
7 GEORGE S. CARDONA
8 Acting United States Attorney

9
10 
11 _____
12 GRAYSON A. HOFFMAN
13 Member, Virginia Bar, 73726
14 Trial Attorney, Tax Division
15 U.S. Department of Justice
16 Post Office Box 7238
17 Ben Franklin Station
18 Washington, D.C. 20044
19 Telephone: (202) 616-2904
20 Fax: (202) 514-6770
21 Email: Grayson.A.Hoffman@usdoj.gov