

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

-vs.-

Case no. 1:14-cv-986

JIM SANZONE, individually and
doing business as LAKESHORE
PROFESSIONALS LLC,

Defendant.

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF

Plaintiff, United States of America, alleges against Defendant, Jim Sanzone, individually and doing business as Lakeshore Professionals, LLC, as follows:

1. This is a civil action brought by the United States under sections 7402(a), 7407, and 7408 of the Internal Revenue Code (26 U.S.C.) (“I.R.C.”) to enjoin Jim Sanzone, individually and doing business as Lakeshore Professionals, LLC, and anyone in active concert or participation with him, from:

- (a) acting as a federal tax return preparer 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 himself;
- (b) preparing or assisting in preparing federal tax returns that he knows or reasonably should have known would result in an understatement of tax liability or the overstatement of federal tax refund(s) as subject to penalty under I.R.C. § 6694;
- (c) engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6701, or any other penalty provision in the I.R.C.;
- (d) maintaining, assigning, holding, using, or obtaining a Preparer Tax Identification Number (PTIN) or an Electronic Filing Identification Number (EFIN); and

- (e) engaging in any conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws.

Jurisdiction and Venue

2. Jurisdiction is conferred on this court pursuant to 28 U.S.C. §§ 1340, 1345 and I.R.C. § 7402(a).

3. This action has been requested 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, pursuant to the provisions of I.R.C. §§ 7402, 7407 and 7408.

4. Venue is proper in the Western District of Michigan pursuant to 28 U.S.C. § 1391 because the Defendant resides in the district and a substantial part of the activities giving rise to this suit took place in the district.

Defendant's Activities

5. Jim Sanzone is a commercial tax return preparer and owner of Lakeshore Professionals LLC. Sanzone has prepared tax returns for customers of Lakeshore Professionals LLC since at least 2009. Sanzone is a tax return preparer as defined in I.R.C. § 7701(a)(36). Sanzone filed 358, 514, 896, and 627 federal income returns, identifying Sanzone as the paid preparer, for customers in 2010, 2011, 2012, and 2013, respectively. Sanzone also prepares corporate tax returns. Sanzone frequently signs the tax returns that he prepares simply as "Jim."

6. Lakeshore Professionals LLC is a Michigan Limited Liability Company incorporated in 2007. Lakeshore Professionals LLC's corporate filings identify "Jim Jim" as the registered agent, and provide a mailing address of 900 Third St., Suite 110, Muskegon, Michigan 49440, where Sanzone maintains his tax return preparation business. "Jim Jim" is believed to be Jim Sanzone. According to its website, Lakeshore Professionals LLC "is beginning its 37th year in West Michigan," where it began as "James A. Sanzone, Taxation & Accountancy."

7. The individual income tax returns that Sanzone prepares frequently claim fabricated or inflated Schedule A deductions, fabricated Schedule C expenses, and other fabricated deductions and credits, such as the American Opportunity education credit.

8. In 2012, 2013, and 2014, respectively, 77%, 76%, and 88% of the individual income tax returns identifying Sanzone as the paid preparer requested a refund.

9. The IRS has examined 31 individual income tax returns (and 7 related partnership and S-corporation tax returns) that Sanzone or his business prepared for tax years 2009, 2010, and 2011. Of these 31 examined income tax returns, all 31 were found to have false claims, and the total tax deficiency for these returns was \$247,981. Of these 31 tax returns, Sanzone was listed as the paid preparer on 18; however, even though an employee was listed as the preparer on the other 13 tax returns, Sanzone (and not the employee) actually prepared at least four of the 13 tax returns. Sanzone reviews every tax return that is prepared at his business.

10. The IRS estimates the harm to the United States from Sanzone's tax-return preparation in 2010, 2011, and 2012 (for tax years 2009, 2010, and 2011) could be millions of dollars based on completed examinations, the average tax deficiency per examined return, and the total number of returns that Sanzone prepared.

Bogus Schedule A Deductions

11. Sanzone reports bogus Form Schedule A deductions to fraudulently reduce customers' taxable income. For example, on tax returns that he prepares, Sanzone fabricates (or falsely inflates) charitable contributions, medical expenses, mortgage interest, and state and local taxes purportedly paid by his customers. Sanzone also prepares tax returns for customers which include false claims for purported unreimbursed employee business expenses. Section 162 of the Internal Revenue Code governs trade or business expenses. Sanzone-prepared 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.”

12. For example, Sanzone prepared the 2010 federal income tax return of B.F. and S.F. of Muskegon, Michigan. Sanzone falsely claimed on the Schedule A attached to the tax return that the Fs. had \$59,138 in itemized deductions. Sanzone fabricated \$6,833 in medical and dental expenses and falsely reported that the Fs. paid \$3,278 in mortgage interest when the Form 1098 that the Fs. provided to Sanzone showed that they actually paid \$1,680 in mortgage interest. Sanzone also fraudulently reported that the Fs. made \$500 in cash charitable contributions and \$500 in non-cash charitable contributions, when the Fs. made no such contributions, and did not tell Sanzone that they made any such contributions. Sanzone also falsely claimed unreimbursed employee business expenses in the amount of \$49,062, while the Fs. actually had only \$22,478 in such expenses. As a result of these fraudulent expenses, Sanzone claimed a bogus refund in the amount of \$3,528 on the Fs.’ tax return.

Fabricated Schedule C Business Expenses

13. Sanzone also prepares tax returns reporting bogus business expenses on Forms Schedule C in order to fraudulently reduce customers’ taxable income.

14. For example, Sanzone prepared the 2010 and 2011 federal income tax returns of married customers L.H. and R.H. of Kent City, Michigan. In 2010 and 2011, R.H. operated a day care business in the Hs.' house. For both years, Sanzone falsely told the Hs. that they could deduct the expenses for all of their groceries (whether or not they were for the children) as an expense related to R.H.'s day care business, and classified these bogus expenses on their tax returns as cost of goods sold. On the Schedule C attached to the Hs.' 2010 tax return, Sanzone claimed bogus business expenses in the amount of \$3,848 for repairs and maintenance, \$1,517 for "entertainment," and \$3,023 for "clothes." Sanzone fraudulently inflated expenses related to R.H.'s business, including inflating the expenses for business use of their house by \$3,599 (by falsely claiming 100% of the use of the house for the day care business) and cost of goods sold by \$3,463. As a result, Sanzone claimed a phony business loss in the amount of \$11,933, and a bogus refund of \$11,129 on the Hs.' 2010 tax return. On the Schedule C attached to the Hs.' 2011 tax return, Sanzone claimed bogus business expenses in the amounts of \$1,029 for "entertainment" and \$3,183 for "necessities." Sanzone also fraudulently inflated the expenses for R.H.'s business use of the Hs.' house by \$3,340 (by falsely claiming 100% of the use of the house for the day care business) and cost of goods sold by \$4,300. As a result, Sanzone claimed a phony business loss in the amount of \$10,568, and a bogus refund in the amount of \$10,407 on the Hs.' 2011 tax return.

Bogus Education Credits

15. Sanzone also claims bogus education expenses and falsely claims 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. Sanzone claims 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 his customers' taxable income and generate a larger bogus refund.

16. For example, Sanzone claimed bogus education credits on the 2009 and 2010 tax returns of J.C. and D.C. of Grant, Michigan. J.C. went to a truck driving school in 2009, but his expenses were paid for by the state unemployment office, so J.C. did not have any education expenses. In 2010, neither J.C. nor D.C. had any education expenses or attended school. Sanzone claimed education credits in the amounts of \$1,000 (based on purported \$4,000 in expenses) and \$998 (based on purported \$3,985 in expenses) on the Cs.' 2009 and 2010 tax returns, respectively.

17. Sanzone also fabricated education credits on the 2010 federal income tax return of married customers T.B. and J.B. of Muskegon, Michigan. Sanzone falsely claimed an American Opportunity credit in the amount of \$984, when neither T.B. nor J.B. incurred education expenses in 2010.

Tax Returns that Sanzone and his Business Prepared Using Other False and Fraudulent Deductions

18. Sanzone prepared the 2010 federal income tax return of D.H. and R.H. of Whitehall, Michigan. However, Sanzone did not sign the Hs.' tax return as the preparer. On the Schedule A attached to the tax return, Sanzone falsely reported \$59,284 in deductions. Sanzone fraudulently claimed \$22,370 in medical and dental expenses (in reality, the Hs. had approximately \$8,300 in such expenses), \$11,521 in state and local taxes (in reality, the Hs. paid \$6,424 in state and local taxes), \$19,331 in mortgage interest (in reality, the Hs. paid \$3,182 in mortgage interest), and \$1,244 in personal property taxes. The Hs. provided Sanzone with documentation showing the correct amounts of these medical, state and local tax, and mortgage

expenses, which Sanzone fraudulently inflated. Sanzone also falsely claimed \$15,760 in unreimbursed employee business expenses (\$9,150 for vehicle expenses, \$2,022 for business expenses, and \$4,588 for meals and entertainment expenses), when the Hs. had no such expenses. Sanzone also falsely claimed a Net Operating Loss carryover in the amount of \$62,319, a bogus IRA deduction in the amount of \$10,000, and a phony student loan interest deduction in the amount of \$392. The bogus claims that Sanzone made on the Hs.' 2010 tax return fraudulently reduced the Hs.' taxable income by \$143,620. As a result, the Hs. owed \$30,571 in additional tax following the IRS's examination. Sanzone did not review the completed tax return with the Hs., nor did he provide them with a copy. After the IRS notified the Hs. that their return was under examination, they contacted Sanzone, who falsely told the Hs. that he had everything worked out with the IRS. Sanzone also asked the Hs. not to hire a new CPA, because, according to Sanzone, a new CPA "would throw him under the bus." The Hs.' new CPA represented them before the IRS.

19. Sanzone prepared the 2009 and 2010 federal income tax returns of married customers J.C. and D.C. of Grant, Michigan, described in paragraph 16 above. On the Schedule A attached to the Cs.' 2009 tax return, Sanzone falsely claimed that the Cs. had \$7,137 in medical expenses, when in fact they had \$1,000 in medical expenses in 2009. Sanzone also falsely claimed that the Cs. paid \$10,622 in mortgage interest, when the Cs. paid only \$7,717 in mortgage interest in 2009. On the Cs.' 2010 tax return, Sanzone again falsely reported on the Schedule A that the Cs. had medical expenses totaling \$7,008, when the Cs. only had medical expenses in the amount of \$860. In 2010, D.C. was employed delivering newspapers, and portions of her income were reported on both a Form W-2 and Form 1099. On the Schedule C attached to the Cs.' 2010 tax return, Sanzone falsely claimed bogus expenses purportedly related

to D.C.'s job delivering newspapers. The only expense amount that D.C. provided to Sanzone was a mileage log showing how many miles D.C. drove her car during the year while delivering newspapers. However, on the Schedule C, Sanzone falsely reported \$1,078 in meals and entertainment expenses, \$1,935 in supplies, \$4,510 for renting or leasing vehicles or equipment, and \$2,860 in unidentified "other expenses." As a result, Sanzone claimed a bogus business loss of \$13,768 on the Cs.' 2010 tax return. As a result of these phony expenses and deductions, including the education credits described in paragraph 16, Sanzone claimed bogus refunds in the amount of \$2,348 and \$2,734 on the Cs. 2009 and 2010 tax returns, respectively. Sanzone did not review the completed tax returns with the Cs., and only told the Cs. the amount of the refunds that they would be receiving. The IRS examined the Cs.' tax returns, and the Cs. had to pay \$2,711 and \$4,109 in taxes for 2009 and 2010, respectively.

20. Sanzone prepared the 2010 federal income tax return of married customers T.B. and J.B. of Muskegon, Michigan, described in paragraph 17 above. In 2010, T.B. at Federal Express, and J.B. worked for Mercy Health Partners. The Bs. provided Sanzone with copies of their Forms W-2, receipts for donations, and receipts for business expenses. On the Schedule A attached to the Bs.' tax return, Sanzone falsely reported that T.B. and J.B. paid \$7,278 in state and local taxes in 2010, when, in fact, the Forms W-2 that the Bs. provided to Sanzone showed that they paid a total of only \$5,833 in state and local taxes in 2010. Sanzone also falsely inflated the amount of personal property taxes that the Bs. paid in 2010 (related to vehicle registration fees), falsely claiming \$860 on their tax return, when the Bs. actually paid around \$267 in such personal property taxes. Sanzone also falsely claimed that the Bs. had \$18,565 in unreimbursed employee business expenses, purportedly related to T.B.'s employment. T.B. did not incur unreimbursed employee business expenses. J.B. incurred unreimbursed employee

business expenses in 2010, but only in the amount of \$5,942, or \$12,624 less than Sanzone falsely reported. As a result of these fabricated expenses, including the education credits described in paragraph 17, Sanzone claimed a bogus refund in the amount of \$7,364 on the Bs.' 2010 tax return. Once Sanzone finished preparing the Bs.' tax return, he did not review the completed tax return with them, but simply told the Bs. that it was "all set." The IRS examined the Bs.' tax return, and the Bs. had to pay \$5,447 in tax.

21. Sanzone prepared the 2010 Form 1120S federal corporate tax return for the business partly owned by S.N. of Twin Lake, Michigan. The 2010 federal individual income tax return of S.N. and his wife, T.N., was prepared at Lakeshore Professionals LLC, however, Sanzone is not listed as the paid preparer of the tax return. On the Ns.' 2010 individual income tax return, the preparer falsely reported that the Ns. paid \$14,146 in mortgage interest in 2010. In reality, the Ns. paid \$7,072, or less than half the amount reported on their tax return. The preparer also falsely claimed a Making Work Pay credit in the amount of \$761 on the Ns.' tax return. However, in order to be eligible for the Making Work Pay credit, an individual must have received "earned income" during the year, and flow-through income from a corporation (which was the primary source of the Ns.' income) does not qualify as "earned income." As a result of these fraudulent claims, the Ns.' tax return falsely reported that they owed \$6,066 less tax than they actually owed for 2010.

22. Married customers J.M. and S.M. of Bailey, Michigan, had their 2010 and 2011 federal income tax returns prepared at Lakeshore Professionals LLC. Sanzone is listed as the preparer of the 2011 tax return, but not the 2010 tax return; however, according to the Ms., Sanzone prepared both the 2010 and 2011 tax returns. On the Schedule A attached to the Ms.' 2010 and 2011 tax returns, Sanzone falsely claimed unreimbursed employee business expenses

totaling \$24,522 and \$18,288, respectively. According to the Forms 2106 attached to the returns, these expenses included vehicle expenses (\$5,150 in 2010 and \$9,863 in 2011), lodging, airfare, or car rental expenses (\$6,552 in 2010 and \$2,030 in 2011), and other unidentified business expenses (\$6,885 in 2010 and \$650 in 2011). J.M. traveled for work in 2010 and 2011, but most of his expenses were paid for by his employer. In reality, J.M. had only approximately \$4,200 in travel expenses each of these years for his meals; J.M.'s employer provided J.M. with a car, a credit card for gas, and paid J.M.'s lodging expenses. Thus, in 2010 and 2011, Sanzone falsely claimed unreimbursed employee business expenses far exceeding J.M.'s actual expenses. Sanzone also falsely reported that the Ms. paid state and local taxes of \$10,108 in 2010, and \$5,921 in 2011, when, in fact, the Forms W-2 that the Ms. provided to Sanzone showed that they paid state and local taxes totaling \$4,769 in 2010 and \$4,967 in 2011. As a result of these fraudulent claims, the Ms.' 2010 tax return falsely reported that they owed \$9,226 less tax than they actually owed, while the 2011 tax return claimed a bogus refund of \$7,373.

23. Sanzone prepared the 2010 federal income tax return of married customers M.M. and J.M. of Muskegon, Michigan. On the Schedule A attached to the Ms.' tax return, Sanzone falsely claimed that the Ms. paid \$5,675 in mortgage interest in 2010, when the two Forms 1098 that the Ms. provided to Sanzone showed that the Ms. paid only \$958 in mortgage interest, or \$4,717 less than Sanzone reported. Sanzone also falsely reported that the Ms. paid \$4,044 in state and local taxes in 2010, when the Forms W-2 that the Ms. provided to Sanzone showed that they actually paid \$3,574 in state and local taxes, or \$470 less than Sanzone claimed. Sanzone also falsely claimed that the Ms. had medical expenses of \$6,914, when most of those expenses were actually covered by the Ms.' insurance, and the Ms.' medical expenses totaled only \$2,540, or \$4,374 less than Sanzone reported. Sanzone also falsely claimed that the Ms. had \$20,592 in unreimbursed

employee business expenses. However, the Ms. only had \$874 in unreimbursed employee business expenses in 2010. As a result of these fraudulent deductions, Sanzone claimed a bogus refund of \$2,610 on the Ms.' federal income tax return.

Harm Caused by Sanzone

24. Sanzone's customers have been harmed because they paid Sanzone fees to prepare proper tax returns, but Sanzone prepared returns that substantially understated their correct tax liabilities. Many customers now face large income tax deficiencies and may be liable for sizeable penalties and interest.

25. Sanzone's conduct harms the United States because his customers are under-reporting and under-paying their correct tax liabilities based on false claims and deductions.

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

27. Sanzone further harms the United States because the Internal Revenue Service must devote its limited resources to investigating Sanzone's tax return preparation, including ascertaining his customers' correct tax liabilities, recovering any refunds erroneously issued, and collecting any additional taxes and penalties.

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

28. The United States incorporates by reference the allegations in paragraphs 1 through 27.

29. Section 7407 of the I.R.C. authorizes a district court to enjoin a tax return preparer from engaging in conduct subject to penalty under I.R.C. § 6694 or engaging in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the

internal revenue laws, if the court finds that the preparer has engaged in such conduct and that injunctive relief is appropriate to prevent the recurrence of the conduct. Additionally, if the court finds that a preparer has continually or repeatedly engaged in such conduct, and the court further finds that a narrower injunction (i.e., prohibiting only that specific enumerated conduct) would not be sufficient to prevent that person's interference with the proper administration of the internal revenue laws, the court may enjoin the person from further acting as a federal income tax preparer.

30. Sanzone has 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.

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

32. If he is not enjoined, Sanzone is likely to continue to prepare and file false and fraudulent tax returns.

33. Sanzone's continual and repeated conduct subject to an injunction under I.R.C. § 7407, including his continual and repeated misapplication of expenses and deductions, demonstrates that a narrow injunction prohibiting only specific conduct would be insufficient to prevent Sanzone's interference with the proper administration of the internal revenue laws. Thus, he should be permanently barred from acting as a return preparer.

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

34. The United States incorporates by reference the allegations in paragraphs 1 through 33.

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

36. 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.

37. Sanzone prepares federal tax returns for customers that he knows will understate their correct tax liabilities, because Sanzone knowingly prepares returns claiming improper expenses, deductions, and credits. Sanzone's conduct is thus subject to a penalty under I.R.C. § 6701.

38. If the Court does not enjoin Sanzone, he is likely to continue to engage in conduct subject to penalty under I.R.C. § 6701. Sanzone's preparation of returns claiming improper expenses, deductions, and credits is widespread over many customers and tax years. Injunctive relief is therefore appropriate under I.R.C. § 7408.

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

39. The United States hereby incorporates by reference the allegations in paragraphs 1 through 38.

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

41. Sanzone, through the actions described above, has engaged in conduct that substantially interferes with the enforcement of the internal revenue laws.

42. Unless enjoined, Sanzone is likely to continue to engage in such improper conduct and interfere with the enforcement of the internal revenue laws. If Sanzone is 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.

43. While the United States will suffer irreparable injury if Sanzone is not enjoined, Sanzone will not be harmed by being compelled to obey the law.

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

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

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

A. That the Court find that Jim Sanzone has continually and repeatedly engaged in conduct subject to penalty under I.R.C. § 6694, and has 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 Jim Sanzone from acting as a federal tax return preparer;

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

D. That the Court find that Jim Sanzone has 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 Jim Sanzone, and all those in active concert or participation with him, from:

- (1) acting as a federal tax return preparer 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 himself;
- (2) preparing or assisting in preparing federal tax returns that he knows or reasonably should have known would result in an understatement of tax liability or the overstatement of federal tax refund(s) as subject to penalty under I.R.C. § 6694;
- (3) engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6701, or any other penalty provision in the I.R.C.;
- (4) maintaining, assigning, holding, using, or obtaining a Preparer Tax Identification Number (PTIN) or an Electronic Filing Identification Number (EFIN); and
- (5) engaging in any conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws.

F. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an order requiring Jim Sanzone to contact, within fifteen days of the Court's order, by United States mail and, if an e-mail address is known, by e-mail, all persons for whom he prepared federal tax returns or claims for a refund for tax years beginning in 2009 and continuing through this litigation to inform them of the permanent injunction entered against him, 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, and provide to counsel for the United States within 30 days a signed and dated certification that he so informed these persons;

G. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an order requiring Jim Sanzone to produce to counsel for the United States, within fifteen 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 he prepared federal tax returns or claims for a refund for tax years tax years beginning in 2009 and continuing through this litigation;

H. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an injunction requiring Jim Sanzone to provide a copy of the Court's order to all of his principals, officers, managers, employees, and independent contractors 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 Sanzone provided a copy of the Court's order;

I. That the Court retain jurisdiction over Jim Sanzone and over this action to enforce any permanent injunction entered against him;

J. That the United States be entitled to conduct discovery to monitor Jim Sanzone's compliance with the terms of any permanent injunction entered against him; and

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

DATED: September 22, 2014

Respectfully submitted,

PATRICK A. MILES, JR.
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s/ Daniel A. Applegate
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