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

BY \_\_\_\_\_

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14  
15 IN THE UNITED STATES DISTRICT COURT FOR THE  
CENTRAL DISTRICT OF CALIFORNIA

16  
17 UNITED STATES OF AMERICA,

18 Plaintiff,

19 v.

20  
21 HENOCK TEFERI, RUTH BERHANE,  
PLOVER FINANCIAL SERVICES, LLC  
22 (D/B/A INSTANT TAX SERVICE),

23 Defendants.  
24

CV13-01052

Civil Case No.

COMPLAINT FOR PERMANENT  
INJUNCTION AND OTHER  
RELIEF

mwf  
(Ex)

25 The United States of America seeks a permanent injunction against  
26 defendants Henock Teferi, Ruth Berhane, and Plover Financial Services, LLC  
27 (“Plover”), barring them from further acting as federal tax return preparers. The  
28

1 United States of America states as follows:

2 1. Defendants Teferi, Berhane and Plover currently operate over 30  
3 stand-alone tax preparation stores and tax preparation kiosks in and around Los  
4 Angeles, California.

5 2. Until 2011, defendants operated their tax preparation stores and kiosks  
6 under the name Instant Tax Service. Instant Tax Service is a brand and franchise  
7 business marketed throughout the United States by the franchisor ITS Financial,  
8 LLC ("ITS Financial"). ITS Financial is headquartered in Dayton, Ohio, and was  
9 founded by current owner and CEO Fesum Ogbazion in 2004. Instant Tax Service  
10 claims on its website to be the "4th largest tax preparation company" in America,  
11 one of "the fastest growing franchises," and the "number one new franchise" brand  
12 in the country as of 2009. Defendants' Instant Tax Service franchise was the  
13 largest Instant Tax Service franchise in California.

14 3. At defendants' tax preparation stores, defendants' employees have  
15 improperly reduced their customers' reported tax liabilities and prepared federal  
16 tax returns that claimed inflated refunds by reporting, among other things,  
17 unsubstantiated Schedule C income and expenses, false dependents, improper  
18 filing statuses, and unsupported education credits.

19  
20 **Jurisdiction and Venue**

21 4. The Court has jurisdiction over this case pursuant to 28 U.S.C. §§  
22 1340 and 1345 and 26 U.S.C. (I.R.C.) § 7402(a).

23 5. Venue is proper pursuant to 28 U.S.C. §§ 1391(b), because defendants  
24 reside or conduct business within this judicial district, and because a  
25 substantial part of the events or omissions giving rise to this suit occurred and are  
26 taking place in this judicial district.

1 **Authorization**

2 6. This action has been requested by the Chief Counsel of the Internal  
3 Revenue Service, a delegate of the Secretary of the Treasury, and commenced at  
4 the direction of a delegate of the Attorney General, pursuant to I.R.C. §§ 7401,  
5 7402, 7407 and 7408.

6  
7 **Nature of Action**

8 7. The United States commences this action to enjoin defendants, and all  
9 those in active concern or participation with them, from directly or indirectly:

- 10 a. Engaging in conduct subject to penalty under I.R.C. § 6701,  
11 including aiding, instructing, assisting, encouraging, enabling,  
12 inciting, or advising (or supervising or managing others who  
13 aid, instruct, assist, encourage, enable, incite, or advise) with  
14 respect to the preparation or presentation of any portion of a tax  
15 return, claim, or other document, that defendants know or have  
16 reason to know will be used as to a material matter arising  
17 under federal tax law, and will result in the understatement of  
18 the liability for tax of another person;
- 19 b. Organizing, promoting, selling, advising, implementing,  
20 carrying out, assisting, supervising, or managing abusive plans  
21 or arrangements that violate the internal revenue laws;
- 22 c. Aiding, instructing, assisting, encouraging, enabling, inciting,  
23 or advising (or supervising or managing others who aid,  
24 instruct, assist, encourage, enable, incite, or advise) customers  
25 to understate their federal tax liabilities or assert unreasonable,  
26 frivolous, or reckless positions, or preparing or assisting in the  
27 preparation or filing of tax returns for others that defendants  
28 know (or have reason to know) will result in the understatement  
of any tax liability as subject to penalty under I.R.C. § 6694;
- d. Improperly aiding, instructing, assisting, encouraging, enabling,  
inciting, or advising (or supervising or managing others who  
improperly aid, instruct, assist, encourage, enable, incite, or  
advise) customers to avoid the assessment or collection of their  
federal tax liabilities or to claim improper tax refunds;
- e. Engaging in any activity subject to penalty under I.R.C. § 6695,  
including failing to (or supervising or managing others who fail  
to) exercise due diligence in determining customers' eligibility  
for the Earned Income Tax Credit;

- 1 f. Organizing, promoting, providing, advising, or selling (or  
2 supervising or managing others who organize, promote,  
3 provide, advise or sell) business or tax services that facilitate or  
4 promote noncompliance with federal tax laws; and
- 5 g. Engaging in other conduct that substantially interferes with the  
6 proper administration and enforcement of the internal revenue  
7 laws.

### 8 Facts

9 8. Defendant Teferi resides in Rancho Palos Verdes, California, has a  
10 25% ownership interest in Plover, and is Plover's managing member. Teferi holds  
11 a Bachelor of Science in electrical engineering, a Masters in Computer  
12 Engineering, and a Masters of Business Administration from Southern Illinois  
13 University, Edwardsville, the University of Southern California, and Loyola  
14 Marymount University, respectively. In 2006, defendants Teferi and Berhane  
15 created Plover Financial Services, LLC and established an Instant Tax Service  
16 franchise in Compton, California. Teferi, Berhane and Plover subsequently  
17 expanded to Los Angeles and several surrounding cities.

18 9. Defendant Berhane is married to Teferi, resides in Rancho Palos  
19 Verdes, California, is listed as a member on Plover's articles of organization, and  
20 owns a 25% interest in Plover. Berhane acts as Plover's human resources  
21 representative.

22 10. Defendant Plover is an active domestic limited liability company  
23 organized in the State of California. Plover operates as a tax return preparation  
24 service that, as of 2011, had 17 locations in Los Angeles, California, 5 locations in  
25 Compton, California, 4 locations in Inglewood, California, 4 locations in Long  
26 Beach, California, and 1 location in Pomona, California.

27 11. Defendants' stores and kiosks prepared over 10,000 federal tax returns  
28 during the 2011 filing season.

1           12. Due to high turnover among employees, many preparers hired by  
2 defendants each tax season are new employees with little to no experience  
3 preparing tax returns prior to joining defendants' tax return preparation business.

4           13. Defendants claim to provide training to their tax return preparers  
5 through the "People's Income Tax" training course, which is administered by  
6 defendants' employees. In addition, defendants assert that they provide "lessons  
7 learned" training to returning tax preparers, which purportedly further trains  
8 returning preparers on EITC and Form Schedule C due diligence requirements.

9           14. Before tax returns are filed with the IRS, defendants have said that the  
10 managers at their locations review the tax returns prepared by other employees,  
11 along with each customer's hard-copy file, which, pursuant to IRS rules, must  
12 contain certain substantiation and due diligence documentation when claiming  
13 credits such as the EITC.

14           15. Despite defendants' purported training and manager review,  
15 defendants' employees have prepared tax returns that claim, for instance,  
16 unsubstantiated Schedule C income and expenses, false dependents, improper  
17 filing statuses, and unsupported education credits. Tax returns prepared at  
18 defendants' stores also have incorrectly or inaccurately reported income that is  
19 inconsistent with valid customer Forms W-2. In some cases, tax returns were filed  
20 with the IRS without Forms W-2—a violation of the internal revenue laws.

21           16. Defendants hired tax return preparers with little or no experience  
22 preparing tax returns and who were not required to attend tax return preparer  
23 training. Instead, these preparers were authorized by defendants to prepare tax  
24 returns for others despite having little or no training.

25           17. Most of defendants' customers are unsophisticated taxpayers with  
26 very low incomes. Many receive public assistance. Some of these customers have  
27

1 no knowledge that defendants' employees prepared and filed improper and  
2 inaccurate tax returns on their behalf. In some instances, defendants' employees  
3 encouraged customers to participate in tax fraud by promising them larger refunds  
4 if they agreed to include false information on the return. In either event,  
5 defendants kept a significant portion of their customers' ill-gotten refunds, which  
6 defendants retained as purported fees.

7 18. Even when defendants prepared non-fraudulent tax returns for  
8 customers, defendants improperly charged those customers high tax preparation  
9 fees.

10 19. Defendants also provided loan products to low-income customers who  
11 were in need of money quickly. Defendants told customers that they could receive  
12 significant cash loans as advances on their expected refunds within 48 hours.  
13 However, many of those customers were either denied the loans outright or  
14 received amounts so small that they were subsumed by the accompanying loan  
15 fees.

16 20. Apart from being profitable in their own right, these loan products  
17 served as an inducement for people to have their tax returns prepared and filed by  
18 defendants.

19 **A. Improper Tax Returns for 2010**

20 21. The IRS selected a random sample of tax returns prepared by  
21 defendants' employees for the 2010 tax year and obtained interviews with over 100  
22 customers associated with these tax returns. Based on an analysis of information  
23 appearing on the tax returns and information volunteered by defendants' customers  
24 during interviews, the IRS identified violations of the internal revenue laws  
25 associated with over half of these randomly selected customers. Specific violations  
26 include, among other things, unsubstantiated claims for the Earned Income Tax  
27

1 Credit (“EITC”), false dependent claims, reporting inconsistent or improper filing  
2 statuses, and unsupported education credits claims.

3 i) *False Claims for the EITC*

4 22. 2010 tax returns prepared by defendants’ employees include tax  
5 returns that claim improper refunds based on the EITC. The EITC is a refundable  
6 tax credit intended to help low-income individuals and families. Unlike many tax  
7 credits, a refundable tax credit entitles qualifying taxpayers to receive refunds even  
8 if they have no tax liability and have made no withholding payments. Today the  
9 EITC is one of the largest anti-poverty tools in the United States, intended to act as  
10 a wage supplement and to increase workforce participation.

11 23. A proper claim for refund based on the EITC, as well as the amount of  
12 that refund, depend upon certain variables. These variables include, among other  
13 things, the taxpayer’s marital status, filing status (e.g., married filing separately,  
14 married filing jointly), number of qualified dependents, and income caps. If a  
15 taxpayer otherwise qualifies for the EITC, the optimal amount—or “target”  
16 amount—of income needed to maximize the credit for a single filer with two  
17 dependants is approximately \$15,000. If a taxpayer has adjusted gross income  
18 under this target amount, by claiming additional income on the tax return’s  
19 Schedule C, he or she may fraudulently qualify for a larger EITC refund.

20 24. Defendants’ employees created forms Schedule C for their customers  
21 that claimed unsubstantiated businesses and reported thousands of dollars in  
22 unsupported business income, increasing their customers EITC refund. One  
23 example identified from the IRS’s random sample of tax returns prepared for the  
24 2010 tax season includes a customer (Customer 1) whose tax return was prepared  
25 at defendants’ 740 W. Compton Boulevard, Compton location on or before  
26 February 2, 2011. Defendants’ preparer claimed that Customer 1 earned \$15,165  
27 in business income and incurred \$2,590 in business expenses while operating her  
28

1 in home care business. However, Customer 1 never told the defendants' preparer  
2 that she had a business and informed the IRS that she had no idea how the  
3 defendants' preparer calculated such business income and expenses. In fact,  
4 Customer 1 remarked to the IRS that she did not know that a Schedule C had been  
5 included on her 2010 tax return.

6 ii) *False Dependents*

7 25. To claim unallowable EITC refunds, child tax credits and dependent  
8 exemptions, defendants' employees prepare tax returns that report false  
9 dependents. Among the qualifications for dependent status, a person must reside  
10 with the taxpayer for more than half the year and must be under the age of 19, or  
11 be under the age of 24 and a full-time student, or qualify as disabled.

12 26. Examples of false dependents claimed on the 2010 tax returns  
13 prepared at defendants' tax return preparation stores include Customer 2, a resident  
14 of Los Angeles who had her 2010 tax return (signed by the customer on or about  
15 January 30, 2011) prepared at defendants' 3991 S. Western Avenue location in Los  
16 Angeles. This customer told the preparer that she wanted to claim as dependents  
17 her two nieces who live in Mexico. According to this customer, defendants'  
18 preparer asked no follow-up questions to determine if Customer 2's nieces  
19 qualified as her dependents. The preparer simply falsely listed the customer's  
20 nieces on her return as dependents. As a result, Customer 2's refund was  
21 improperly inflated.

22 iii) *Inconsistent or Improper Filing Statuses*

23 27. Defendants' employees prepared tax returns with inconsistent or  
24 improper filing status to claim unallowable tax benefits, including tax benefits  
25 provided to unmarried individuals who qualify for head-of-household status.  
26 Among the random sample of tax returns selected by the IRS for 2010, government  
27 investigators found customers who asserted that their preparers knew they were  
28



1 married, and therefore were ineligible for head-of-household status, but  
2 defendants' preparers claimed head-of-household status on the customers' tax  
3 returns notwithstanding the customers' ineligibility.

4 28. Examples of inconsistent or improper filing statuses from the 2010 tax  
5 season at defendants' stores include Customer 3, a married man who had his tax  
6 return prepared on or about January 15, 2011 at defendants' 6716 S. Vermont  
7 Avenue location in Los Angeles. During this customer's interview with the IRS,  
8 he explained that he told the preparer that he had been married throughout 2010.  
9 Nonetheless, the Instant Tax Service preparer incorrectly told Customer 3 that he  
10 could file as head-of-household because he was the only person in his household  
11 working. The preparer claimed a head-of-household filing status on Customer 3's  
12 tax return, thereby improperly inflating Customer 3's EITC refund.

13 iv) *Improper Claims for Education Credits*

14 29. Employees at defendants' tax return preparation locations prepared  
15 tax returns that claimed inflated refunds for educational expenses and unsupported  
16 education credits. For example, the random sample of 2010 tax returns selected by  
17 the IRS identified instances where defendants' employees prepared tax returns that  
18 falsely claimed American Opportunity Credits, a partially refundable credit for  
19 certain education expenses. Among the conditions for claiming the American  
20 Opportunity Credit (Form 8863), a taxpayer can claim only qualified expenses,  
21 and can seek the credit only if the student is the taxpayer, the taxpayer's spouse, or  
22 a dependent who is properly claimed on the tax return.

23 30. Improper claims for the American Opportunity Credit among  
24 defendants' customers for the 2010 tax year include Customer 4. On or before  
25 January 14, 2011, a preparer at defendants' store located at 611 E. Imperial  
26 Highway in Los Angeles prepared Customer 4's 2010 tax return. The customer  
27 explained to the preparer that he had registered for college courses, but that he did  
28

1 not incur any expenses because he received a fee waiver and did not attend classes.  
2 Nevertheless, defendants' preparer improperly claimed \$4,000 in education  
3 expenses on Customer 5's tax return.

4 v) *Other Violations Identified from IRS's Random Sample*

5 31. Another aspect of defendants' improper tax return practices includes  
6 the failure of its employees to report additional sources of income that cannot  
7 increase a refund. For example, defendants' employees failed to report  
8 unemployment benefits, which are taxable but are not treated as "income" for  
9 purposes of calculating the EITC. In one instance, a resident of Hawthorne,  
10 California (Customer 5) had his 2010 tax return prepared at defendants' 726 W.  
11 Compton Boulevard location on or before January 31, 2011. Although Customer 5  
12 told the preparer that he received over \$16,000 of unemployment compensation in  
13 2010, defendants' preparer omitted this information from Customer 5's return.

14 **B. Improper Tax Returns Prepared Prior to the 2010 Tax Season**

15 32. IRS audits of individual customers of defendants, as well as other  
16 efforts by the IRS to monitor defendants' compliance with the internal revenue  
17 laws, demonstrate that preparation of improper tax returns at defendants' tax return  
18 preparation locations was not isolated to the 2010 tax season.

19 33. Audits of defendants' customer tax returns for tax years 2008 and  
20 2009 indicate that tax returns for those years contain, among other violations,  
21 improper filing statuses, false dependent claims, and unsubstantiated business  
22 income and expenses.

- 23 a. Customer 6. For example, on or before April 3, 2009, at defendants'  
24 store located at 8608 S. Vermont Avenue, Los Angeles, a preparer  
25 improperly claimed head-of-household status and a false dependent  
26 for Customer 6 when he reported that the 34 year-old customer was  
27 head-of-household with a 24 year-old son, who purportedly qualified

1 as a dependent. The preparer asked no questions regarding the  
2 dependency of the customer's son, despite the fact that the purported  
3 son was only 10 years younger than the customer. Additionally,  
4 based on the customer's tax return and lack of documentation, the IRS  
5 determined that the preparer had claimed unsubstantiated business  
6 income and expenses.

- 7 b. Customer 7. For the 2009 tax year, one of defendants' employees  
8 prepared a tax return for Customer 7 at the defendants' store located at  
9 726 W. Compton Blvd in Compton, California, on or about January  
10 26, 2010. The preparer claimed that Customer 7 had two dependents,  
11 but provided no documentation demonstrating that the dependents  
12 lived with the customer during the tax year or that the customer  
13 provided any support for his purported dependents. Based on the tax  
14 return and lack of documentation, the IRS determined that the  
15 customer's tax returns claimed false dependents.

16 34. The IRS assessed penalties against individual preparers employed by  
17 defendants, and asserted violations of the due diligence requirements for EITC  
18 claims. Among its findings, an IRS investigation identified instances where:

- 19 a. Customer files lacked documentation to support dependent  
20 claims;
- 21 b. Customer tax returns included unsubstantiated Schedule C  
22 business income; and
- 23 c. Customer files lacked documentation to substantiate business  
24 expenses appearing on tax returns.

1           **C. False and Deceptive Loan Products and Unconscionable Fees**

2           35. Defendants also provided loan products to their tax preparation  
3 customers. Most of defendant's customers are unsophisticated taxpayers, have  
4 very low incomes, are on public assistance, and are in need of fast money.  
5 Defendants told customers that they could receive significant cash loans as  
6 advances on their expected refunds within 48 hours. Most of defendants'  
7 customers, however, were either denied the loans outright or received minimal  
8 amounts that were subsumed by the accompanying tax preparation fees.

9           36. Defendants operated, controlled and funded their loan business. In  
10 2010, Plover Financial Services, LLC, doing business as CMD Financial, was  
11 defendants' primary loan provider. CMD Financial operates out of Plover's  
12 headquarters and defendants' main store located at 11262 Crenshaw Boulevard in  
13 Inglewood, California.

14           37. Apart from being profitable in their own right, these loan products  
15 served as an inducement for people to have their tax returns prepared and filed by  
16 defendants so that they could charge customers high tax preparation fees.

17           38. Defendants attempted to conceal high fees from their customers by  
18 failing to disclose the total fees that defendants charged their customers.

19           **D. Filing Returns Based on Paystub Information**

20           39. Because a customer's Form W-2 reporting annual income is not  
21 available when defendants begin offering their loans in December and early  
22 January, defendants required their customers to provide their preparer with end-  
23 of-year paystubs, which the preparer used to prepare a federal tax return to  
24 determine if the customer might be eligible for a loan based on the an estimated  
25 federal tax refund.

26           40. Defendants' employees prepared and subsequently filed federal  
27 income tax returns using customers' end-of-year paystubs before a valid W-2  
28

1 become available. Using paystubs to prepare and file tax returns is improper and  
2 violates IRS rules. Moreover, end-of-year paystubs frequently omit income and  
3 distributions that are shown on employer-issued W-2s. Thus, preparing and filing  
4 federal income tax returns based on information from end-of-year paystubs  
5 inevitably results in errors and omissions on federal tax returns, which necessarily  
6 interferes with the administration and enforcement of the internal revenue laws.

7 41. Defendants' customers have told the IRS that their tax returns were  
8 filed using information provided on paystubs.

### 9 10 **Harm to the Public and Necessity of Injunction**

11 42. Defendants' practices harm the public by causing their customers to  
12 incorrectly report their federal tax liabilities and underpay their taxes. Defendants  
13 also harm their customers by charging them high tax preparation fees to prepare  
14 tax returns, including for false or unsubstantiated tax returns that understate  
15 correct income tax liabilities. Defendants further harm their customers by  
16 subjecting them to possible civil and criminal sanctions resulting from the  
17 improperly prepared tax returns. Compounding defendants' harm, many of their  
18 customers are unsophisticated, low-income taxpayers, who have little or no ability  
19 to repay the inflated refunds (and accompanying penalties and interest).

20 43. Defendants' practices likewise harm the United States Treasury.  
21 Based on a statistically random sample of 2010 tax returns prepared by  
22 defendants, as well as analysis of information obtained from interviews of over  
23 100 taxpayers, the IRS identified violations of the internal revenue laws associated  
24 with over half of these customers. The government estimates that defendants'  
25 misconduct resulted in a tax loss to the Treasury of approximately \$15.4 million  
26 for tax returns prepared in 2011 alone.

1           44. Defendants' actions further harm the United States and the public by  
2 requiring the IRS to devote scarce resources to detecting, assessing, and collecting  
3 lost tax revenues from defendants' customers. The IRS has spent hundreds of  
4 hours auditing tax returns prepared by defendants' preparers for tax years 2008,  
5 2009 and 2010.

6           45. Defendants also harm their employees by knowingly exposing them  
7 to possible civil and criminal liability, as well as competitors, who refuse to  
8 engage in illegal conduct and lose business to defendants as a result of defendants'  
9 willingness to allow violations of the law.

10           46. Collectively, defendants harm the public at-large by undermining  
11 public confidence in the federal tax system and encouraging widespread violations  
12 of the internal revenue laws.

13           47. The harm to the government and the public will increase unless  
14 defendants are enjoined because—given the seriousness and pervasiveness of their  
15 conduct—without an injunction defendants are likely to continue preparing  
16 improper federal income tax returns for customers. Furthermore, prior IRS  
17 warnings and assessment of penalties against Defendants' preparers have failed to  
18 remedy the problems detailed above. An injunction will therefore serve the public  
19 interest.

20  
21                   **Count I: Injunction Under I.R.C. § 7408 for Engaging in**  
22                   **Conduct Subject to Penalty Under I.R.C. § 6701**

23           48. The United States incorporates by reference the allegations in  
24 paragraphs 1 through 48.

25           49. Section 7408 of the Internal Revenue Code authorizes a district court  
26 to enjoin conduct subject to penalty under section 6701. Section 6701 imposes a  
27

1 penalty: (1) on any person who aids, assists, procures, or advises with respect to  
2 the preparation or presentation of any portion of a tax return, claim or other  
3 document (“portion”); (2) when that person knows or has reason to know that  
4 such portion will be used in connection with a material matter arising under  
5 federal tax law; and (3) that person knows that such portion (if used) would result  
6 in an understatement of the liability for the tax of another person. Procuring the  
7 preparation of tax returns includes ordering (or otherwise causing) a subordinate  
8 to do an act, as well as knowing of, and not attempting to prevent, participation by  
9 a subordinate in an act.

10 50. Defendants, through their actions detailed above, caused the  
11 presentation and preparation of false tax returns and other documents. By  
12 preparing tax returns that claim, *inter alia*, unsubstantiated Schedule C income  
13 and expenses to obtain improper EITC claims, false dependents, improper filing  
14 statuses, and unsupported education credits, as detailed above, defendants  
15 knowingly prepared false federal income tax returns for customers and knew the  
16 false returns would understate their customers’ correct tax liabilities. This  
17 conduct, therefore, is subject to penalty under I.R.C. § 6701.

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

21  
22 **Count II: Injunction Under I.R.C. § 7407**

23 52. The United States incorporates by reference the allegations in  
24 paragraphs 1 through 52.

25 53. I.R.C. § 7407 authorizes a district court to enjoin a person who is a  
26 tax return preparer from engaging in certain prohibited conduct or from further  
27

1 acting as a tax return preparer. The prohibited conduct justifying an injunction  
2 includes, among other things, the following:

- 3 a. Engaging in conduct subject to penalty under I.R.C. § 6694(a),  
4 which penalizes a tax return preparer who prepares a tax return  
5 or claim for refund that contains an unreasonable position and  
6 the tax return preparer knew (or reasonably should have  
7 known) of the unreasonable position;
- 8 b. Engaging in conduct subject to penalty under I.R.C. § 6694(b),  
9 which among other conduct, penalizes a tax return preparer  
10 who recklessly or intentionally disregards IRS rules or  
11 regulations;
- 12 c. Engaging in conduct subject to penalty under I.R.C. § 6695(c),  
13 which penalizes tax return preparers who fail to furnish their  
14 identifying numbers on tax returns that they prepare;
- 15 d. Engaging in conduct subject to penalty under I.R.C. § 6695(g),  
16 which penalizes a tax return preparer who fails to comply with  
17 the statutory due diligence requirements for determining  
18 eligibility for the EITC;
- 19 e. Guaranteeing a tax refund or allowance of a tax credit; or
- 20 f. Engaging in any other fraudulent or deceptive conduct that  
21 substantially interferes with the proper administration of the  
22 internal revenue laws.

23 54. In order for a court to issue an injunction under I.R.C. § 6694, the  
24 court must find: (1) that the tax return preparer engaged in the prohibited conduct;  
25 and (2) that injunctive relief is appropriate to prevent the recurrence of such  
26 conduct.



1           55. If the court finds that a preparer has continually or repeatedly  
2 engaged in such conduct, the court may issue an injunction prohibiting that  
3 specific enumerated conduct or, if it determines that a conduct-specific injunction  
4 would not be sufficient to prevent that person's interference with the proper  
5 administration of the internal revenue laws, the court may enjoin the person from  
6 further acting as a federal tax return preparer.

7           56. Defendants, as shown above, are tax return preparers and employ tax  
8 return preparers who have repeatedly and continually prepared or submitted tax  
9 returns or portions of tax returns that contained unreasonable positions and  
10 substantially understated the liability for tax on the return by, *inter alia*, claiming  
11 improper tax refunds. Defendants established a working environment that  
12 encouraged preparation of tax returns that asserted unreasonable and unrealistic  
13 positions. Accordingly, defendants knew (or reasonably should have known) of  
14 the unreasonable and unrealistic positions. This conduct is subject to penalty  
15 under I.R.C. § 6694.

16           57. Defendants, as also detailed above, have continually and repeatedly  
17 engaged in conduct subject to penalty under I.R.C. § 6694(b) by intentionally or  
18 recklessly disregarding pertinent rules and regulations. This conduct is subject to  
19 penalty under I.R.C. § 6694.

20           58. In addition, defendants continually and repeatedly engaged in other  
21 conduct that substantially interferes with the proper administration of the internal  
22 revenue laws. Examples of such misconduct include: (1) employing tax preparers  
23 who knowingly prepared or assisting in preparing ax returns containing false  
24 information; (2) employing tax preparers who encouraged and solicited customers  
25 to provide false information for the purpose of filing false tax refund claims; and  
26 (3) knowingly hiring employees with little to no tax background to prepare tax  
27  
28

1 returns while providing inadequate training for these employees. All of this  
2 constitutes conduct that may and should be enjoined under I.R.C. § 7407(b).

3 59. Defendants repeatedly and continuously engaged in conduct subject  
4 to injunction under I.R.C. § 7407.

5 60. If defendants are not enjoined, they are likely to continue to cause the  
6 filing of false tax returns and engaging in improper conduct.

7 61. Defendants' continual and repeated conduct subject to an injunction  
8 under I.R.C. § 7407, detailed above, shows that a narrow injunction prohibiting  
9 only specific conduct would be insufficient to prevent their interference with the  
10 proper administration of the internal revenue laws. Thus, defendants should be  
11 permanently barred from acting as federal tax return preparers.

12  
13 **Count III: Injunction Under I.R.C. § 7402(a) as Necessary to**  
14 **Enforce the Internal Revenue Laws**

15 62. The United States incorporates by reference the allegations in  
16 paragraphs 1 through 62.

17 63. Section 7402(a) of the Internal Revenue Code authorizes a court to  
18 issue orders of injunction as may be necessary or appropriate for the enforcement  
19 of the internal revenue laws, even if the United States has other remedies available  
20 for enforcing those laws.

21 64. Defendants' activities, described above, substantially interfere with  
22 the enforcement of the internal revenue laws by promoting the filing of inaccurate  
23 tax returns that improperly reduce their customers' federal income tax liabilities  
24 and/or result in improper tax refunds.

25 65. Unless enjoined, defendants are likely to continue to engage in this  
26 improper conduct. If defendants are not enjoined, the United States will suffer  
27 irreparable injury by failing to receive accurate tax payments from defendants'

1 customers and erroneously providing federal income tax refunds to customers who  
2 are not entitled to receive them.

3 66. Defendants, if not enjoined, are likely not only to continue to engage  
4 in conduct subject to penalty under I.R.C. §§ 6694, 6695 and 6701, but also to  
5 engage in other conduct that substantially interferes with the enforcement of the  
6 internal revenue laws. Such conduct includes: (1) failing to adequately train their  
7 preparers, knowing that such inadequate training will lead to the filing of  
8 inaccurate returns; and (2) knowingly filing tax returns with taxpayers' end-of-  
9 year paystubs. Moreover, the United States will suffer irreparable harm from the  
10 underpayment of tax liability, the exhaustion of limited resources to enforce the  
11 internal revenue laws, and the tax losses caused by defendants' actions.

12 67. The substantial harm caused to the United States and the public by  
13 defendants outweighs the harm to the defendants of being enjoined.

14 68. Permanently enjoining defendants is in the public interest because an  
15 injunction, backed by the Court's contempt powers, if needed, will stop their  
16 improper conduct and the harm they have already caused.

17  
18 **Relief Sought**

19 WHEREFORE, plaintiff, the United States of America, respectfully prays  
20 the following:

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

24 B. That the Court find that defendants continually and repeatedly  
25 engaged in conduct subject to penalty under I.R.C. § 6694 and § 6695, and that  
26 injunctive relief under I.R.C. § 7407 is therefore necessary and appropriate to  
27

1 prevent the recurrence of that conduct;

2 C. That the Court, pursuant to I.R.C. § 7407, enter a permanent  
3 injunction prohibiting defendants from acting as federal tax return preparers, and  
4 expressly prohibiting defendants from owning, managing, supervising, working  
5 in, or otherwise being involved in any tax return preparation business in any way;

6 D. That the Court find defendants engaged in conduct that substantially  
7 interferes with the administration and enforcement of the internal revenue laws  
8 and that injunctive relief is appropriate to prevent recurrence of that conduct under  
9 I.R.C. § 7402(a);

10 E. That this Court, pursuant to I.R.C. §§ 7402, 7407 and 7408, enter a  
11 permanent injunction prohibiting defendants (individually and through any other  
12 name or entity), and their representatives, agents, servants, employees, attorneys,  
13 and those persons in active concert or participation with them, from directly or  
14 indirectly:

- 15 1. Engaging in conduct subject to penalty under I.R.C. § 6701,  
16 including aiding, instructing, assisting, encouraging, enabling,  
17 inciting, or advising (or supervising or managing others who  
18 aid, instruct, assist, encourage, enable, incite, or advise) with  
19 respect to the preparation or presentation of any portion of a  
20 tax return, claim, or other document, that defendants know or  
21 have reason to know will be used as to a material matter  
22 arising under federal tax law, and will result in the  
23 understatement of the liability for tax of another person;
- 24 2. Organizing, promoting, selling, advising, implementing,  
25 carrying out, assisting, supervising, or managing abusive plans  
26 or arrangements that violate the internal revenue laws;

- 1 3. Aiding, instructing, assisting, encouraging, enabling, inciting,  
2 or advising (or supervising or managing others who aid,  
3 instruct, assist, encourage, enable, incite, or advise) customers  
4 to understate their federal tax liabilities or assert unreasonable,  
5 frivolous, or reckless positions, or preparing or assisting in the  
6 preparation or filing of tax returns for others that defendants  
7 know (or have reason to know) will result in the  
8 understatement of any tax liability as subject to penalty under  
9 I.R.C. § 6694;
- 10 4. Improperly aiding, instructing, assisting, encouraging,  
11 enabling, inciting, or advising (or supervising or managing  
12 others who improperly aid, instruct, assist, encourage, enable,  
13 incite, or advise) customers to avoid the assessment or  
14 collection of their federal tax liabilities or to claim improper  
15 tax refunds;
- 16 5. Engaging in any activity subject to penalty under I.R.C. §  
17 6695, including failing to (or supervising or managing others  
18 who fail to) exercise due diligence in determining customers'  
19 eligibility for the Earned Income Tax Credit;
- 20 6. Organizing, promoting, providing, advising, or selling (or  
21 supervising or managing others who organize, promote,  
22 provide, advise or sell) business or tax services that facilitate  
23 or promote noncompliance with federal tax laws; and
- 24 7. Engaging in other conduct that substantially interferes with the  
25 proper administration and enforcement of the internal revenue  
26 laws.  
27  
28

1 F. That the Court, pursuant to I.R.C. §§ 7402(a), 7407 and 7408 enter an  
2 injunction requiring defendants, within 30 days of the entry of an injunction  
3 against them, to contact by mail all: (1) employees or former employees; and (2)  
4 persons for whom they prepared a federal tax return since December 1, 2010, and  
5 inform them of the Court's findings and enclose a copy of the permanent  
6 injunction against defendants, and file a certification with the Court, under penalty  
7 of perjury, stating that they have complied with this provision;

8 G. That the Court, pursuant to I.R.C. §§ 7402(a), 7407 and 7408, enter  
9 an injunction requiring defendants to produce to counsel for the United States,  
10 within 30 days of the entry of an injunction against them, a list that identifies by  
11 name, social security number, address, e-mail, telephone number, and tax  
12 period(s) all persons for whom defendants prepared federal tax returns or claimed  
13 a tax refund since December 1, 2009, and file a certification with the Court, under  
14 penalty of perjury, stating that they have complied with the provision;

15 H. That the Court retain jurisdiction over the defendants and this action  
16 for the purpose of enforcing any permanent injunction entered against them;

17 I. That the United States be entitled to conduct all discovery permitted  
18 under the Federal Rules of Civil Procedure for the purpose of monitoring  
19 defendants' compliance with the terms of the permanent injunction entered against  
20 them; and  
21  
22  
23  
24  
25  
26  
27  
28

1 J. That the Court grant the United States such other and further relief,  
2 including costs, as the Court deems appropriate.

3 Dated: January 30, 2013.

4 Respectfully submitted,

5  
6 KATHRYN KENEALLY  
7 Assistant Attorney General  
8 Tax Division, U.S. Department of Justice

9  
10 ANDRÉ BIROTTE JR.  
11 United States Attorney  
12 SANDRA BROWN  
13 Assistant United States Attorney  
14 Chief, Tax Division  
15 GAVIN GREENE  
16 Assistant United States Attorney  
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18 300 North Los Angeles Street  
19 Los Angeles, California 90012  
20 Telephone: (213) 894-4600  
21 Facsimile: (213) 894-0115

22  
23 By: s/: Jose A. Olivera  
24 NATHAN E. CLUKEY  
25 (D.C. Bar. No. 461535)  
26 SEAN M. GREEN  
27 (D.C. Bar. No. 978858)  
28 JOSE A. OLIVERA  
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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

**NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY**

This case has been assigned to District Judge Michael Fitzgerald and the assigned discovery Magistrate Judge is Charles Eick.

The case number on all documents filed with the Court should read as follows:

**CV13- 1052 MWF (Ex)**

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

-----  
**NOTICE TO COUNSEL**

*A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).*

Subsequent documents must be filed at the following location:

**Western Division**  
312 N. Spring St., Rm. G-8  
Los Angeles, CA 90012

**Southern Division**  
411 West Fourth St., Rm. 1-053  
Santa Ana, CA 92701-4516

**Eastern Division**  
3470 Twelfth St., Rm. 134  
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.



ORIGINAL

Name & Address:

Jose A. Olivera  
P.O. Box 7238  
Washington, DC 20044

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

United States of America,

CASE NUMBER

PLAINTIFF(S)

CV 13 - 01052 - MWF (EX)

v.

HENOCK TEFERI, RUTH BERHANE,  
PLOVER FINANCIAL SERVICES, LLC  
(d/b/a INSTANT TAX SERVICE),

SUMMONS

DEFENDANT(S).

TO: DEFENDANT(S):

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached  complaint  \_\_\_\_\_ amended complaint  counterclaim  cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Jose A. Olivera, whose address is P.O. Box 7238, Washington, DC 20044. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: FEB 13 2013

By: *Marilyn Sun*  
Deputy Clerk

(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

**COPY**

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA  
CIVIL COVER SHEET

**I (a) PLAINTIFFS** (Check box if you are representing yourself )  
United States of America

**DEFENDANTS**  
Henock Teferi, Ruth Berhane, Plover Financial Services, LLC (d/b/a Instant Tax Service)

**(b) Attorneys** (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.)  
Jose Olivera, Nathan Clukey, Sean Green; U.S. Department of Justice,  
555 4th Street, NW, Washington, DC 20001  
(202) 353-0703

**Attorneys (If Known)**  
Daniel Perez, Hochman, Salkin, Rettig, Toscher & Perez, P.C.  
9150 Wilshire Blvd, Beverly Hills, CA 90212  
(310) 288-1736

**II. BASIS OF JURISDICTION** (Place an X in one box only.)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only** (Place an X in one box for plaintiff and one for defendant.)

		PTF	DEF		PTF	DEF
Citizen of This State		<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State		<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country		<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

**IV. ORIGIN** (Place an X in one box only.)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify):
- 6 Multi-District Litigation
- 7 Appeal to District Judge from Magistrate Judge

**V. REQUESTED IN COMPLAINT:** JURY DEMAND:  Yes  No (Check 'Yes' only if demanded in complaint.)

**CLASS ACTION** under F.R.C.P. 23:  Yes  No

**MONEY DEMANDED IN COMPLAINT:** \$

**VI. CAUSE OF ACTION** (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)  
26 U.S.C. 7402, 7407, & 7408: Suit to Permanently Enjoin Defendants from Preparing Federal Tax Returns for Others.

**VII. NATURE OF SUIT** (Place an X in one box only.)

OTHER STATUTES	CONTRACT	TORTS	TORTS	PRISONER	LABOR
<input type="checkbox"/> 400 State Reapportionment	<input type="checkbox"/> 110 Insurance	<del>PERSONAL INJURY</del>	<del>PERSONAL PROPERTY</del>	<del>PETITIONS</del>	<input type="checkbox"/> 710 Fair Labor Standards Act
<input type="checkbox"/> 410 Antitrust	<input type="checkbox"/> 120 Marine	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 370 Other Fraud	<input type="checkbox"/> 510 Motions to Vacate Sentence	<input type="checkbox"/> 720 Labor/Mgmt. Relations
<input type="checkbox"/> 430 Banks and Banking	<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 371 Truth in Lending	<input type="checkbox"/> 530 General	<input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act
<input type="checkbox"/> 450 Commerce/ICC Rates/etc.	<input type="checkbox"/> 140 Negotiable Instrument	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 380 Other Personal Property Damage	<input type="checkbox"/> 535 Death Penalty	<input type="checkbox"/> 740 Railway Labor Act
<input type="checkbox"/> 460 Deportation	<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	<input type="checkbox"/> 330 Fed. Employers' Liability	<input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 540 Mandamus/Other	<input type="checkbox"/> 790 Other Labor Litigation
<input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations	<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 340 Marine	<del>BANKRUPTCY</del>	<input type="checkbox"/> 550 Civil Rights	<input type="checkbox"/> 791 Empl. Ret. Inc. Security Act
<input type="checkbox"/> 480 Consumer Credit	<input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans)	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158	<del>FORFEITURE</del>	<del>PROPERTY RIGHTS</del>
<input type="checkbox"/> 490 Cable/Sat TV	<input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits	<input type="checkbox"/> 350 Motor Vehicle	<input type="checkbox"/> 423 Withdrawal 28 USC 157	<del>PENALTY</del>	<input type="checkbox"/> 820 Copyrights
<input type="checkbox"/> 810 Selective Service	<input type="checkbox"/> 160 Stockholders' Suits	<input type="checkbox"/> 355 Motor Vehicle Product Liability	<del>CIVIL RIGHTS</del>	<input type="checkbox"/> 610 Agriculture	<input type="checkbox"/> 830 Patent
<input type="checkbox"/> 850 Securities/Commodities/Exchange	<input type="checkbox"/> 190 Other Contract	<input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 441 Voting	<input type="checkbox"/> 620 Other Food & Drug	<input type="checkbox"/> 840 Trademark
<input type="checkbox"/> 875 Customer Challenge 12 USC 3410	<input type="checkbox"/> 195 Contract Product Liability	<input type="checkbox"/> 362 Personal Injury-Med Malpractice	<input type="checkbox"/> 442 Employment	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC	<del>SOCIAL SECURITY</del>
<input type="checkbox"/> 890 Other Statutory Actions	<input type="checkbox"/> 196 Franchise	<input type="checkbox"/> 365 Personal Injury-Product Liability	<input type="checkbox"/> 443 Housing/Accommodations	<input type="checkbox"/> 630 Liquor Laws	<input type="checkbox"/> 861 HIA (1395if)
<input type="checkbox"/> 891 Agricultural Act	<del>REAL PROPERTY</del>	<input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 444 Welfare	<input type="checkbox"/> 640 R.R. & Truck	<input type="checkbox"/> 862 Black Lung (923)
<input type="checkbox"/> 892 Economic Stabilization Act	<input type="checkbox"/> 210 Land Condemnation	<del>IMMIGRATION</del>	<input type="checkbox"/> 445 American with Disabilities - Employment	<input type="checkbox"/> 650 Airline Regs	<input type="checkbox"/> 863 DIWC/DIWW (405(g))
<input type="checkbox"/> 893 Environmental Matters	<input type="checkbox"/> 220 Foreclosure	<input type="checkbox"/> 462 Naturalization Application	<input type="checkbox"/> 446 American with Disabilities - Other	<input type="checkbox"/> 660 Occupational Safety /Health	<input type="checkbox"/> 864 SSID Title XVI
<input type="checkbox"/> 894 Energy Allocation Act	<input type="checkbox"/> 230 Rent Lease & Ejectment	<input type="checkbox"/> 463 Habeas Corpus-Alien Detainee	<input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 690 Other	<input type="checkbox"/> 865 RSI (405(g))
<input type="checkbox"/> 895 Freedom of Info. Act	<input type="checkbox"/> 240 Torts to Land	<input type="checkbox"/> 465 Other Immigration Actions			<del>FEDERAL TAX SUITS</del>
<input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice	<input type="checkbox"/> 245 Tort Product Liability				<input checked="" type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)
<input type="checkbox"/> 950 Constitutionality of State Statutes	<input type="checkbox"/> 290 All Other Real Property				<input type="checkbox"/> 871 IRS-Third Party 26 USC 7609

**CV13-01052**

FOR OFFICE USE ONLY: Case Number: \_\_\_\_\_

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA  
CIVIL COVER SHEET**

VIII(a). **IDENTICAL CASES:** Has this action been previously filed in this court and dismissed, remanded or closed?  No  Yes  
If yes, list case number(s): \_\_\_\_\_

VIII(b). **RELATED CASES:** Have any cases been previously filed in this court that are related to the present case?  No  Yes  
If yes, list case number(s): \_\_\_\_\_

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply)  A. Arise from the same or closely related transactions, happenings, or events; or  
 B. Call for determination of the same or substantially related or similar questions of law and fact; or  
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or  
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. **VENUE:** (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named plaintiff resides.  
 Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named defendant resides.  
 Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
All defendants reside in Los Angeles County	

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH claim arose.  
**Note: In land condemnation cases, use the location of the tract of land involved.**

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
All claims arose in Los Angeles County	

\* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties  
**Note: In land condemnation cases, use the location of the tract of land involved**

X. SIGNATURE OF ATTORNEY (OR PRO PER):  Date February 4, 2013

**Notice to Counsel/Parties:** The CV-71 (JS44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))