

IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,)	
)	Case No.
Plaintiff,)	
v.)	
)	
VICTOR M. CROWN, individually and)	
doing business as (d/b/a) CROWN AND)	
FRANKLIN ACCOUNTING AND)	
REFUNDS, CORP, CROWN-FRANKLIN)	
ACCOUNTING, INC., ACCURATE)	
ACCOUNTING PV, and LOURDES)	
THEODOSSIS ESTATE,)	
)	
Defendant(s).)	
_____)	

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF

Plaintiff United States of America complains against Victor M. Crown, individually and doing business as Crown and Franklin Accounting and Refunds, Corp., Crown-Franklin Accounting, Inc., Accurate Accounting PV, and Lourdes Theodossis Estate as follows:

Authorization

1. 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 Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7401, 7402, 7407, and 7408.

Jurisdiction and Venue

2. Jurisdiction is conferred on this Court by Sections 1340 and 1345 of Title 28, United States Code, and I.R.C. § 7402(a).

3. This is a civil action brought by the United States under I.R.C. §§ 7402(a), 7407, and 7408 to enjoin Crown and anyone in active concert or participation with him from:

- A. acting as a federal tax return preparer or assisting in, or directing the preparation or filing of federal tax returns for any person or entity other than himself, or appearing as representatives on behalf of any person or organization before the Internal Revenue Service;
- B. preparing or filing (or helping to prepare or file) federal tax returns, amended returns, Form W-2s, or other related documents or forms for others;
- C. organizing or promoting an arrangement or plan that claims false income tax withholding amounts or false net operating losses, or otherwise making false statements about tax benefits;
- D. making false statements about the securing of any tax benefits by virtue of receiving or not receiving an award in the below-described *Shakman* litigation;
- E. using any Electronic Filing Identification Number (EFIN), Employer Identification Number (EIN), Taxpayer Identification Number (TIN), Preparer Tax Identification Number (PTIN), social security number (SSN), or any other federally issued identification number to file or remit federal tax returns;
- F. using any false or fictitious EIN, TIN, PTIN, SSN, or any other federally issued identification number to file or remit federal tax returns;
- G. allowing others to use any personal or business EFIN, EIN, TIN, PTIN, or any other federally issued identification number to prepare or file federal tax returns;
- H. electronically transmitting federal tax returns for others;
- I. engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6695, 6700, 6701, or any other penalty provision of the I.R.C.; and
- J. engaging in other conduct that interferes with the proper administration and enforcement of the internal revenue laws.

4. Venue is proper in this Court under 28 U.S.C. § 1391(b)(1) because Crown a substantial part of the actions giving rise to this suit took place in this district.

Background on Victor Crown

5. Victor Crown is a paid federal tax return preparer, doing business as Crown and Franklin Accounting and Refunds, Corp., Crown-Franklin Accounting, Inc., Accurate Accounting PV, and Lourdes Theodossis Estate, operating principally within Chicago, Illinois. Crown prepares tax returns for himself and his customers that contain materially false and fraudulent claims of inflated income tax withholding amounts and nonexistent net operating losses. Victor Crown is the registered agent for Crown and Franklin Accounting and Refunds, Corp., a corporation registered in the State of Illinois. Also, Crown has identified Crown-Franklin Accounting, Inc., Accurate Accounting PV, and Lourdes Theodossis Estate, separately, as his firm name on his customers' federal tax returns.

6. Crown also frequently files frivolous documents in the Northern District of Illinois. As a result, this Court's Executive Committee has placed restrictions on his ability to file documents. *See* Executive Committee Order, Dkt No. 60, *In re: Victor M. Crown*, case no. 07-cv-02533 (N.D. Illinois). Currently, the Executive Committee has ordered that Crown be barred from filing until April 5, 2015, and that the Clerk destroy (or return to Crown) any papers submitted either directly or indirectly by or on behalf of Victor Crown. *Id.*

Background on Crown's Customers and the *Shakman* Class-Action Case

7. Many of Crown's customers are individuals who work for the City of Chicago and/or who have received awards for discrimination claims related to political patronage in the hiring and promotion of public officials against the City of Chicago. *See Michael L. Shakman, et al., v. Democratic Organization of Cook County, et al.*, case no. 69-cv-2145 (USDC N.D. Ill.) ("*Shakman*").

8. The awards in *Shakman* were determined by a Federally-appointed Monitor (“Monitor”) as part of an Agreed Settlement Order and Accord (“Accord”) entered by the Court. *Shakman, supra*, Dkt No. 601. As part of the Accord, the City of Chicago agreed to set up a fund of \$12,000,000 to compensate class members for “any and all injuries of any kind . . . allegedly arising out of alleged violations of the 1972 or 1983 *Shakman* consent decrees between the period of January 1, 2000, and the date of entry of the Accord.” *See Accord, supra*, at ¶ III.A. The Monitor is responsible for evaluating claims submitted and determining “whether the claimant is eligible for recovery.” *See Accord, supra*, at ¶ III.E.6. If the claimant is eligible, the Monitor “assign[s] a monetary award to the claimant based on the relevant information” related to the claimant’s claim. *Id.* According to the Accord, “[n]o single award shall exceed \$100,000.” *Id.*

9. According to the *Shakman* Monitor’s March 2008 status report on the claims process, 1,528 claims were submitted related to violations that occurred between January 1, 2000 and May 31, 2007.¹ *See* Monitor’s Report, Dkt No. 824, entered in *Shakman*, case no. 69-cv-2145. Of the claims submitted, 104 were deemed ineligible and the remaining eligible claims received awards ranging from \$250 to \$100,000. *Id.* The average award amount was approximately \$8,400. *Id.*

10. Victor Crown submitted his own *Shakman* claim and, in 2008, he received a \$1,500 award from the *Shakman* Monitor as part of the above-described claim process.

¹ The Monitor’s Status Report identifies that “[t]here is a separate complaint and remedial process administered by the City of Chicago’s Inspector General’s Office for individuals who allege patronage practices occurring after May 31, 2007.” *See* Monitor’s Report, Dkt No. 824, n. 1, entered in *Shakman*, case no. 69-cv-2145.

Overview of Crown's Fraudulent Tax Preparation Schemes

11. Crown promotes and prepares tax documents to perpetrate two schemes – a withholding scheme and a net-operating-loss scheme - based, at least in part, on his customers' employment with the City of Chicago and/or on his and his customers' purported *Shakman* class-action awards.

12. In Crown's withholding scheme, he prepares income tax returns, amended returns, or Forms 843, Claims for Refund or Request for Abatement, for his customers that claim false amounts of income tax withheld from their earnings. Crown asserts that his customers can claim the falsely inflated amount because the City of Chicago used an incorrect calculation to determine the amount of income taxes it withheld from its employees' paychecks. Crown's claims lack merit because an employee is not entitled to claim an income tax withholding credit for more than the amount of income taxes actually withheld from their wages.

13. In Crown's net-operating-loss scheme, Crown prepares income tax returns and other documents for his customers that claim bogus net operating losses. Crown asserts that his customers are entitled to claim these bogus losses because they sought, but did not receive a certain award amount for their *Shakman* class-action claim. For example, Crown asserts that if his customer sought a \$100,000 award from the Monitor, but only received \$10,000, that customer can claim a net operating loss on their tax return equal to \$90,000. Crown's scheme lacks merit because nothing in the Internal Revenue Code permits a taxpayer to deduct the amount of a denied discrimination claim as a net operating loss. See ¶¶ 24-30, *infra*.

14. Crown falsely asserts that his customers can obtain significant tax refunds by applying his false and fraudulent theories to their income tax returns and amended returns.

Crown's frivolous claims have resulted in fraudulently understated tax liabilities on his customers' Federal income tax returns.

Crown's Withholding Scheme

15. Employers are required to compute and withhold from their employees' wages federal income, social security, and Medicare taxes. These withheld taxes are interchangeably known as "withholding," "payroll," or "trust fund" taxes. The law requires an employer to hold these withheld taxes in trust for the United States and to pay the withheld amounts over to the United States on behalf of the employees. The United States is required to credit employees for the amount of withholding tax reported by the employer regardless of whether the employer properly pays those monies over to the United States.

16. At the end of a tax year, the amount withheld from an employee's wages is a fixed and certain number. The final amount withheld is typically reported on, and corroborated by, a Form W-2. The Form W-2 is sent to the taxpayer from their employer and later filed by the taxpayer or his tax preparer along with their tax return.

17. Victor Crown falsely inflates or completely fabricates his customer's income tax withholding on the income tax returns, amended returns, or Claims for Refund or Request for Abatement (Forms 843) that he prepares for his customers.

18. In furtherance of his scheme, Crown attempts to corroborate his false income tax withholding amounts by either making a hand-written alteration to the customers' actual W-2 or by filing a substitute for a Form W-2 (called a Form 4852) with the IRS that lists the false amounts. Crown typically files these altered W-2s or substitute W-2s as part of his customers' tax returns or amended tax returns.

19. Crown does not claim that his customers have had taxes withheld that match his false claims. Instead, Crown wrongly asserts that his customers can claim credit for the false amounts because – according to Crown - the City of Chicago should have used a different set of tax tables when calculating the amount of tax that was withheld from the taxpayers' wages.

20. Crown's assertion is completely false and absurd on its face because even if an employer mistakenly withholds the wrong tax amount, the employee-taxpayer must still report the actual amount of taxes withheld on their federal income tax return.

21. For one example of Crown's income withholding tax scheme, Crown prepared amended income tax returns for M.E. and J.E. for tax years 2006-2009, and 2011-2012. Instead of listing proper, actual tax withheld on the Es' returns, Crown claimed bogus income tax withholding amounts based on his ridiculous assertion that the City of Chicago used the wrong withholding tax tables in calculating the amounts withheld from the Es' wages. Specifically, Crown sought fraudulent refunds for the Es by inflating their withholding claims by the following amounts:

Tax Year	Inflated Withholding Amount	Fraudulent Refund Sought
2006	\$1,135	\$1,168
2007	\$3,426	\$3,473
2008	\$4,300	\$4,338
2009	\$4,587	\$4,615
2011	\$4,491	\$4,491
2012	\$3,292	\$3,292

To further his fraudulent claims, Crown submitted to the IRS false substitute Form W-2s that purported to corroborate the false withholding amounts listed on the Es' returns.

22. Similarly, Crown prepared amended income tax returns for M.R. Crown prepared MR's 2011 tax return to fraudulently claim an inflated withholding amount of \$1,438 in order to seek a fraudulent tax refund of \$1,438. Crown claimed falsely inflated amounts for M.R.'s income tax withholding.

23. When the IRS notified M.R. that his Crown-prepared return asserted a frivolous position, he responded by asking the IRS to disregard any of his amended returns that bear Victor Crown's name as the preparer for the years 2007, 2008, 2009, 2010, and 2011. M.R. explained that had been misled by Victor Crown. According to M.R., Victor Crown has gone to great lengths to convince City of Chicago employees that the City of Chicago under-withheld their employees' income taxes and that City employees could claim credit for higher amounts of income tax withheld than the City actually withheld from their wages.

Crown's Net-Operating-Loss Scheme
Based on *Shakman* Class-Action Award Amounts

24. A net operating loss (NOL) may exist in a tax year when a taxpayer's allowed deductions amount to more than their income. *See* 26 U.S.C. § 172; 26 C.F.R. § 1.172-1 – 1.172-10. Generally speaking, where a taxpayer has a valid NOL for a tax year, but cannot achieve their full NOL deduction in that year, the taxpayer may carry back the entire amount of the NOL to a prior tax year ("carryback period"). The NOL deduction is then taken, bit-by-bit as available in each tax year until the allowed NOL deduction amount is expended. If amounts remain on the allowed NOL deduction, a taxpayer can typically carry forward the remaining NOL to future years after the NOL year ("carryforward period"). The number of years a taxpayer can carryback/carryforward a loss depends on various code provisions.

25. The taxpayer bears the burden of establishing that they are entitled to take each deduction claimed on their tax return. *See* 26 U.S.C. § 6001; 26 C.F.R. § 1.6001-1(a).

26. In Crown's net-operating-loss scheme, he prepares income tax returns that claim deductions based on bogus net operating losses.

27. Crown claims his customers are entitled to deduct net operating losses based on the denied portion of their class action claim in the *Shakman* litigation. For example, Crown asserts that if his customer sought a \$100,000 award from the *Shakman* Monitor, but only received \$10,000, that customer can claim a deductible net operating loss equal to \$90,000.

28. Crown asserts that his customers are entitled to deduct these purported losses because the customers sought, but did not receive a certain award amount for their *Shakman* class-action claim. But Crown's scheme lacks merit because nothing in the Internal Revenue Code permits a taxpayer to deduct the amount of a denied discrimination claim as a net operating loss.

29. Fundamentally, Crown's customers never held any right to the denied amount of their *Shakman* claim. Without a right to the money, Crown's customers cannot claim that they lost the money, much less that they had a net operating loss.

30. As part of Crown's net-operating-loss scheme, Crown not only asserts that his customers can claim NOL deductions for the tax year when their *Shakman* claim was denied, Crown also asserts his customers can carry back their purported NOL deduction, and then carry forward any amounts still remaining until the purported deduction is expended. Accordingly, Crown prepares returns and amended returns for his customers for multiple tax years that all claim bogus NOL deductions based on his customers' denied *Shakman* claims.

31. For one example, Crown prepared R.W. and A.W.s' amended income tax returns for 2008 and 2011. Crown prepared both of these amended returns with phony net operating loss deductions. Specifically, Crown asserted that the Ws were entitled to a \$87,500 net operating loss because they sought \$100,000 in the *Shakman* litigation, but were only awarded \$12,500. The Ws' purported \$87,500 net operating loss, according to Crown, could be broken into segments and deducted on a carry-forward basis. In other words, Crown deducted \$3,000 of the fabricated \$87,500 NOL on the Ws' 2008 amended return, and stated on the return that he planned to carry-forward \$84,500 in tax year 2009, then \$81,500 in tax year 2010, \$78,500 in tax year 2011. On the Ws' 2011 amended tax return, Crown conformed to this fraudulent plan and claimed another \$3,000 NOL deduction based upon the Ws' purported NOL carry-forward amount of \$78,500.

32. Crown also falsely inflated the Ws' withholding amounts on their 2008 and 2011 amended return. Specifically, Crown claimed that R.W. could claim more than was actually withheld from his wages on his tax returns because, according to Crown, the City of Chicago used incorrect Federal tax tables to determine how much they withheld from R.W.'s wages. To support these falsely inflated withholding amounts, Crown prepared and submitted to the IRS a false substitute for a Form W-2 for both tax years 2008 and 2011. On the substitute W-2s Crown listed the falsely inflated withholding amounts. Specifically, on the Ws' 2008 amended return, Crown deducted a bogus \$3,000 NOL and inflated withholding by \$11,451, and sought a fraudulent refund of \$11,901. On the Ws' 2011 amended return, Crown claimed another bogus \$3,000 NOL deduction and inflated the Ws' withholding by \$9,801, and sought a fraudulent refund of \$14,608.

33. Another example of Crown's fraudulent return preparation is the 2008 amended tax return that Crown prepared for W.C. This amended return claimed a fraudulent \$3,000 NOL deduction, added \$21,324 in false income tax withholding, and sought a \$22,397 tax refund.

34. The \$3,000 NOL deduction referred to above was based upon the denied portion of W.C.'s *Shakman*-claim. Specifically, Crown claimed W.C. was entitled to a \$25,000 net operating loss because W.C. sought \$100,000 in the *Shakman* litigation, but was only awarded \$75,000. This purported \$25,000 loss, according to Crown, could be broken into segments and claimed on a carry-forward basis. Accordingly, Crown deducted \$3,000 of the fabricated NOL on W.C.'s 2008 amended return, and stated that he planned to carry-forward \$22,000 in tax year 2009, then \$19,000 in tax year 2010, \$16,000 in tax year 2011, and so on.

35. Crown also listed false withholding amounts on W.C.'s 2008 amended return, which fraudulently inflated W.C.'s income tax withholding by \$21,324. In the amended return he prepared, Crown attempted to explain the falsely inflated amount as justified because W.C.'s employer, the City of Chicago, purportedly applied the "incorrect state withholding [of NA%] on the w2s." As support for the inflated claim, Crown prepared and submitted to the IRS a substitute W-2 that listed the false withholding amount.

36. The following chart shows four more examples of Crown's fraudulent preparation of returns by fabricating bogus net operating losses and false withholding:

Customer	Tax Year	Total False NOL Listed	Deduction Claimed for False NOL	Falsely Inflated Withholding	Fraudulent Refund Sought
J.M., Jr.	2008	\$87,500	\$3,000	\$7,428	\$8,372
M.D. & I.D.	2008	\$80,000	\$3,000	\$7,844	\$8,331

M.S.	2008	\$80,000	\$3,000	\$6,562	\$6,864
M.O.	2008	\$87,500	\$3,000	\$16,824	\$11,376 ²

37. To date, the IRS has identified over 4,300 filings prepared by Victor M. Crown with characteristics matching or similar to the fraudulent returns described above.

38. Although the vast majority of the returns Crown has prepared to date were submitted to the IRS in 2012 or 2013, Crown's returns and amended returns pertain to prior tax years, stretching back as far as tax year 2002. Most of the returns and amended returns Crown has prepared, to date, pertain to tax years 2006-2012.

39. Crown has continued preparing returns and amended returns that assert the frivolous and fraudulent positions described above despite notice from the IRS that his positions have no valid basis in existing law. His continuing conduct reflects a desire to delay or impede the administration of the federal tax laws.

40. By the end of 2012, Crown had filed corrected versions of *some* of his customers' returns that eliminated the frivolous claims discussed above. Crown's corrected filings were in response to the IRS's notices to his customers that his filings were frivolous. But even after making those corrections, Crown has continued to prepare and submit to the IRS filings asserting his frivolous arguments.

² Crown initially sought a fraudulent refund of \$18,040 on MO's 2008 amended return, but then Crown filed subsequent 2008 amended returns that sought \$11,376. All of the 2008 amended returns that Crown prepared for MO claimed the false \$87,500 NOL, a \$3,000 NOL deduction for tax year 2008, and inflated MO's withholding by \$16,824.

41. On December 6, 2013, Crown was interviewed by the IRS regarding the frivolous amended returns and other documents that had been filed with the IRS. As part of this interview, the IRS again advised Crown that he was asserting frivolous arguments in the tax returns he prepares. But even after this interview with the IRS, Crown has continued to prepare returns filed with the IRS asserting the above-described frivolous arguments.

Harm to the Public

42. The IRS has identified that Crown has prepared filings that seek over \$4.3 million in false or fraudulent federal tax refunds based on the schemes outlined above.

43. To the extent the IRS has not detected all of Crown's false and fraudulent tax returns, Crown's actions have resulted in his customers receiving federal income tax refunds to which they are not entitled and in not reporting and paying taxes that they owe.

44. Given the IRS's limited resources, identifying and recovering all revenues lost from Crown's preparation of false and fraudulent returns may be impossible.

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

46. Crown further harms the United States because the IRS must devote its limited resources to identifying their customers, ascertaining their correct tax liability, recovering any refunds erroneously issued, and collecting any additional taxes and penalties. To date, the IRS estimates the administrative costs to the government associated with identifying and stopping Crown's false or fraudulent submissions is at least \$172,378.70.

47. Crown continues to prepare tax returns and other documents seeking false and fraudulent tax refunds, and the harm to the government continues to accrue.

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

48. The United States incorporates the allegations in paragraphs 1 through 47.

49. Section 7407, I.R.C., authorizes a district court to enjoin a tax return preparer from:

- A. engaging in conduct subject to penalty under I.R.C. §§ 6694 or 6695, or subject to any criminal penalty provided by this title;
- B. misrepresenting his experience or education as a tax return preparer;
- C. guaranteeing the payment of any tax refund or the allowance of any tax credits; or
- D. 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 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 return preparer.

50. Crown 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 and frivolous positions.

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

52. If he is not enjoined, Crown is likely to continue to file false and fraudulent tax returns.

53. Crown's continual and repeated conduct is subject to an injunction under I.R.C. § 7407, and his flagrant fabrication of income tax withholding amounts and bogus net operating losses demonstrates that a narrow injunction prohibiting only specific conduct would be insufficient to prevent Crown's interference with the proper administration of the internal revenue laws. Thus, he should be permanently barred from acting as a tax return preparer.

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

54. The United States incorporates the allegations in paragraphs 1 through 53.

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

56. Any person who organizes or assists in organizing an entity, plan, or arrangement and, in connection therewith, makes or furnishes a statement with respect to the excludability of any income that the person knows or has reason to know is false or fraudulent as to any material matter is subject to a penalty under 26 U.S.C. § 6700. A penalty also applies to any person who aids, assists, or advises with respect to the preparation or presentation of any portion of a return or other document, knowing or having reason to believe that such advice will be used in connection with any material matter, and who knows that such portion, if used, would result in an understatement of tax. 26 U.S.C. § 6701.

57. Crown prepares federal tax returns for customers that he knows will understate their correct tax liabilities. Moreover, at least with regard to Crown's withholding scheme, Crown has made statements aimed at convincing City of Chicago employees that the City of Chicago under-withheld their employees' income taxes and that City employees could claim credit for higher income tax withholding amounts than the City actually withheld from their wages. *See, e.g., infra*, ¶ 23. Accordingly, Crown is subject to penalty under I.R.C. §§ 6700 and 6701.

58. If the Court does not enjoin Crown, he is likely to continue to engage in conduct subject to penalty under I.R.C. §§ 6700 and 6701. 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

59. The United States incorporates the allegations of paragraphs 1 through 58.

60. Section 7402, 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.

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

62. Unless enjoined, Crown is likely to continue to engage in such improper conduct. If Crown is not enjoined from engaging in fraudulent and deceptive conduct the United States will suffer irreparable injury because revenue losses will continue.

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

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

WHEREFORE, the United States prays for the following:

A. That the Court find that Victor M. Crown is subject to an injunction under I.R.C. § 7407 because he 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 find that Victor M. Crown is subject to an injunction under I.R.C. § 7408 because he has engaged in conduct subject to a penalty under I.R.C. §§ 6700 and 6701, and that injunctive relief under I.R.C. § 7408 is appropriate to prevent a recurrence of that conduct;

C. That the Court find that Victor M. Crown 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);

D. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter a permanent injunction prohibiting Victor M. Crown, and all those in active concert or participation with him from:

1. acting as a federal tax return preparer or assisting in, or directing the preparation or filing of federal tax returns for any person or entity other than himself, or appearing as representatives on behalf of any person or organization before the Internal Revenue Service;
2. preparing or filing (or helping to prepare or file) federal tax returns, amended returns, Form W-2s, or other related documents or forms for others;
3. organizing or promoting an arrangement or plan that claims false income tax withholding amounts or false net operating losses, or otherwise making false statements about tax benefits;

4. making false statements about the securing of any tax benefits by virtue of receiving or not receiving an award in the above-described *Shakman* litigation;
5. using any Electronic Filing Identification Number (EFIN), Employer Identification Number (EIN), Taxpayer Identification Number (TIN), Preparer Tax Identification Number (PTIN), social security number (SSN), or any other federally issued identification number to file or remit federal tax returns;
6. using any false or fictitious EIN, TIN, PTIN, SSN, or any other federally issued identification number to file or remit federal tax returns;
7. allowing others to use any personal or business EFIN, EIN, TIN, PTIN, or any other federally issued identification number to prepare or file federal tax returns;
8. electronically transmitting federal tax returns for others;
9. engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6695, 6700, 6701, or any other penalty provision of the I.R.C.; and
10. engaging in other conduct that interferes with the proper administration and enforcement of the internal revenue laws.

E. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an injunction requiring Victor M. Crown, within fifteen days, to contact 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 since January 1, 2007, to inform them of the Court's findings concerning the false or fraudulent attributes on those tax returns and enclose a copy of the permanent injunction against him;

F. That the Court, pursuant to I.R.C. §§ 7402(a), 7407, and 7408, enter an injunction requiring Victor M. Crown, within fifteen days, to produce to counsel for the United States 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, amended returns, claims for refund, or other tax forms or documents since January 1, 2007;

G. That the Court retain jurisdiction over Victor M. Crown and over this action to enforce any permanent injunction entered against Crown;

H. That the United States may conduct discovery to monitor Crown's compliance with the terms of any permanent injunction entered against him; and

I. That this Court grant the United States such other and further relief, including costs, as is just and equitable.

Dated: July 16, 2014

Respectfully submitted,

TAMARA W. ASHFORD
Acting Assistant Attorney General
Tax Division

/s/ Olivia R. Hussey Scott
Olivia R. Hussey Scott
Trial Attorney, Tax Division
U.S. Department of Justice
Post Office Box 7238
Washington, D.C. 20044
Telephone: (202) 616-1972
Facsimile: (202) 514-6770
E-mail: Olivia.Hussey.Scott@usdoj.gov

Of Counsel:

ZACHARY T. FARDON
United States Attorney