

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Case No. 1:14-cv-7334
	)	
ANNA PLATOS f/k/a ANIELA	)	
TONKOVICH, individually and doing	)	
business as MIDWAY ACCOUNTING	)	
SERVICES, and THEODORE A. PLATOS,	)	
individually and doing business as MIDWAY	)	
ACCOUNTING SERVICES and API TAX	)	
SOLUTIONS, INC.,	)	
	)	
Defendants.	)	

**COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF**

Plaintiff, the United States of America, alleges against Defendants, Anna Platos, formerly known as Aniela Tonkovich, individually and doing business as Midway Accounting Services, and Theodore A. Platos, individually and doing business as Midway Accounting Services and API Tax Solutions, Inc., 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 (“I.R.C.”) (26 U.S.C.) to enjoin Anna Platos and Theodore A. Platos, and anyone in active concert or participation with them, from:
  - (a) acting as federal tax return preparers or assisting in, requesting, or directing the preparation or filing of federal tax returns, amended returns, or other related documents or forms for any person or entity other than themselves;
  - (b) preparing or assisting in preparing federal tax returns that they know or reasonably should have known would result in an understatement of tax liability or the overstatement of federal tax refund(s) as subject to penalty under 26 U.S.C. § 6694;
  - (c) maintaining, assigning, holding, using, or obtaining a Preparer Tax Identification Number (PTIN) or an Electronic Filing Identification Number (EFIN);

- (d) engaging in any other activity subject to penalty under 26 U.S.C. §§ 6694, 6701, or any other penalty provision in the I.R.C.; 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 and 1345, and 26 U.S.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 26 U.S.C. §§ 7402, 7407, and 7408.

4. Venue is proper in the Northern District of Illinois pursuant to 28 U.S.C. § 1391 because the Defendants reside in the district, and a substantial part of the activities giving rise to this suit took place in the district.

### **Defendants' Activities**

5. Anna Platos, formerly known as Aniela Tonkovich, is a commercial tax return preparer doing business as Midway Accounting Services at 5213 South Archer Avenue, Chicago, Illinois 60632. Anna Platos has prepared tax returns for customers since at least 1991. Anna Platos prepared 1,685 tax returns in 2010, 2,767 tax returns in 2011, and 3,028 tax returns in 2012.

6. The IRS assessed penalties against Anna Platos under 26 U.S.C. § 6694(b) for tax years 1991, 1992, and 1993 in the amounts of \$15,000, \$8,000, and \$7,000, respectively, for willfully or recklessly understating her customers' tax liabilities. Anna Platos paid only \$1,000 of those penalties.

7. On or about April 15, 1998, the United States filed a 21 count indictment against Anna Platos based on her preparation of false or fraudulent tax returns from January 1992 through April 15, 1995. *See United States v. Anna Platos*, Case No. 1:98-cr-00270 (N.D. Ill.). Anna Platos entered a guilty plea on or about May 6, 1998.

8. The IRS assessed additional penalties against Anna Platos as follows: for tax years 2007 and 2008 in the amounts of \$200 for each year for failing to file correct information returns (*see* 26 U.S.C. § 6695(e)); for tax year 2009 in the amount of \$1,000 for understating a customer's tax liability due to an unreasonable position (*see* 26 U.S.C. § 6694(a)); and for tax year 2010 in the amount of \$5,000 for willfully or recklessly understating a customer's tax liability (*see* 26 U.S.C. § 6694(b)).

9. The IRS examined 107 tax returns that Anna Platos prepared for tax years 2005, 2006, and 2007. Of the 107 examined tax returns, 89 (or 83% of the examined returns) made false or fraudulent claims, with a total tax loss of \$804,368, or an average of \$9,038 for each of the 89 false or fraudulent returns. The IRS subsequently reviewed a sample of Anna Platos-prepared returns for tax years 2010, 2011, and 2012. The IRS found that Anna Platos continued to prepare returns making false or fraudulent claims, particularly for education credits and Schedule A deductions, including for charitable contributions and unreimbursed employee business expenses.

10. Theodore A. ("Ted") Platos is a commercial tax return preparer doing business as Midway Accounting Services at 5213 South Archer Avenue, Chicago, Illinois 60632. Ted Platos has prepared tax returns for customers since at least 2011.

11. On December 15, 2013, Ted Platos incorporated API Tax Solutions, Inc. with the Illinois Secretary of State. According to the Illinois Secretary of State's website, Ted Platos is

listed as the registered agent of API Tax Solutions, Inc., but no corporate president or secretary is identified. Ted Platos and API Tax Solutions, Inc. do business at 5213 South Archer Avenue, Chicago, Illinois 60632. Ted Platos prepared at least 74 tax returns in 2013 and 825 tax returns in 2014.

12. Anna Platos and Ted Platos fail to maintain an IRS Electronic Filing Identification Number (“EFIN”) as required by the IRS.

13. 26 U.S.C. § 6011(e)(3) requires tax return preparers who reasonably expect to file 11 or more tax returns in a calendar year to electronically file certain federal income tax returns that they prepare and file after December 31, 2010.

14. Neither Anna Platos nor Ted Platos have had an EFIN since 2011 when this regulation took effect, and instead they file paper copies of their customers’ tax returns in violation of IRS rules.

15. Many of Anna Platos’ and Ted Platos’ customers are recent immigrants or descendants of recent immigrants from Eastern European nations who have little or no ability to speak or understand English. Anna Platos and Ted Platos are fluent in Polish, and communicate with many of their customers in Polish. As a result, Anna Platos and Ted Platos take advantage not only of their customers’ lack of knowledge of tax laws, but of the language on the tax forms themselves. These customers trust Anna Platos and Ted Platos to prepare honest and accurate tax returns, and to represent the customers’ interests when communicating with the IRS on their behalf, which Anna Platos and Ted Platos fail to do.

16. Anna Platos prepares tax returns claiming head of household filing status for customers who she knows do not qualify for that status. Anna Platos also fabricates deductions

that she claims on the Schedule A attached to customers' tax returns and claims bogus education credits on customers' tax returns.

17. The IRS estimates that the harm caused by Anna Platos' tax return preparation from 2010 to 2012 alone could exceed \$40 million. This estimate is based on the average deficiency per tax return containing false or fraudulent claims examined for tax years 2005, 2006, and 2007, the number of tax returns that Anna Platos prepared from 2010 to 2012, and using a conservative estimate that 60% of the returns that she prepared these years make false or fraudulent claims (less than the 83% error rate from 2005 to 2007).

18. As part of its investigation into Anna Platos, the IRS contacted Anna Platos by telephone on November 12, 2013. During this phone call, Anna Platos stated that she and Ted Platos were partners in Midway Accounting Services.

19. On December 4, 2013, Anna Platos contacted the IRS by telephone and stated that she would agree to a consent injunction barring her from preparing tax returns.

20. Two weeks later, on December 15, 2013, Ted Platos incorporated API Tax Solutions, Inc. with the Illinois Secretary of State, listing the company's address as the same address used by Midway Accounting Services.

21. In 2014, Ted Platos continued to prepare returns in the same fraudulent manner as Anna Platos. Ted Platos prepared tax returns in 2014 (and in prior years) that falsely claimed head of household filing status for customers that Ted Platos knows did not qualify for that status, claimed bogus deductions on the Schedule A, reported phony income and/or expenses on the Schedule C, and claimed bogus education credits.

#### **Intentionally Claiming an Improper Filing Status**

22. Anna Platos and Ted Platos prepare tax returns falsely reporting head-of-household filing status to increase the amount of customers' standard deduction even though

Anna Platos and Ted Platos are aware that the customers do not qualify for head-of-household status. Anna Platos and Ted Platos file separate returns for married couples who are not living apart and improperly claim the “head-of-household” or “single” filing status for them.

**J.B. and M.B.**

23. For example, Ted Platos prepared the 2013 federal income tax returns of J.B. and M.B of Bartlett, Illinois.

24. The Bs. were married in April 2013, and told Ted Platos that they were married and that they lived together.

25. Ted Platos falsely told the Bs. that because they had not been married very long, that they did not have to report their filing status as married. As a result, Ted Platos prepared two separate returns for J.B. and M.B. on which he claimed head of household status for each of them, despite knowing that the Bs. were married and lived together.

26. Additionally, Ted Platos prepared the 2013 federal income tax returns of M.B.’s parents, M.M. and M.M. The Ms. were married and lived together, but Ted Platos prepared two income tax returns for the Ms. and falsely claimed head of household filing status. Moreover, Ted Platos listed the same address on the Bs.’ tax returns and the Ms.’ tax returns. Ted Platos claimed four head of household statuses for one househld.

**G.A. and K.A.**

27. Customers G.A. and K.A. of Vernon Hills, Illinois, had their 2011 and 2012 federal income tax returns prepared by Anna Platos, and their 2013 federal income tax returns prepared by Ted Platos.

28. G.A. and K.A. were married during 2011, 2012, and 2013, and lived together with their son.

29. However, for tax year 2011, Anna Platos prepared separate tax returns for G.A. and K.A., on which she falsely claimed head of household filing status, rather than married filing separately.

30. Anna Platos also prepared separate 2012 tax returns for G.A. and K.A., on which she falsely claimed G.A.'s filing status as single, and K.A.'s filing status as head of household.

31. Ted Platos prepared separate tax returns for G.A. and K.A. for 2013, on which he falsely claimed head of household filing status on each return.

32. Anna Platos and Ted Platos knew that the As. were married and living together, and even reported the same address on their tax returns. But Anna Platos and Ted Platos claimed the improper head of household filing status on each tax return in order to fraudulently reduce the As.' tax liabilities.

33. On G.A.'s 2013 tax return, Ted Platos falsely claimed unreimbursed employee business expenses related to parking fees, tolls, and transportation in the amount of \$8,661. G.A. had no such expenses, and did not tell Ted Platos that he had any such expenses. G.A.'s employer covers any and all expenses that G.A. incurs for work. Ted Platos also falsely reported \$3,990 in personal property taxes, when G.A. had no such expenses.

34. On K.A.'s 2013 tax return, Ted Platos also falsely reported \$3,990 in personal property taxes when K.A. had no such expenses.

35. Ted Platos also falsely claimed a deduction in the amount of \$18,698 for mortgage interest on K.A.'s 2013 tax return. The Form 1098-INT provided by the bank showed that the As. paid only \$16,647 in mortgage interest in 2013, and that Form 1098-INT was provided to Ted Platos.

36. Ted Platos also falsely reported on G.A.'s and K.A.'s 2013 tax returns that they paid a combined \$25,218 in real estate taxes (\$5,122 on G.A.'s tax return, and \$20,096 on K.A.'s tax return), when the As. actually paid only \$15,112 in real estate taxes. The As. did not tell Ted Platos that they paid \$25,218 in real estate taxes for 2013. Ted Platos told G.A. that some of the real estate taxes had to be reported on G.A.'s tax return because K.A.'s tax return had "reached a limit," without further explanation.

37. As a result of these fraudulent claims, G.A.'s 2013 tax return claimed a bogus refund of \$603, and K.A.'s 2013 tax return claimed a bogus refund of \$3,781.

### **Bogus Education Credits**

38. Anna Platos and Ted Platos also claim bogus education expenses and falsely claim refundable education credits, including the American Opportunity Tax Credit ("AOTC"), 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. Anna Platos and Ted Platos claim false education credits on the tax returns of their customers who did not attend college and had no qualifying education expenses in order to fraudulently reduce their customers' taxable income and generate a larger refund.

### **S.G. and J.G.**

39. Anna Platos prepared the 2011 federal income tax return of S.G. and J.G. of Chicago, Illinois, while Ted Platos prepared their 2012 federal income tax return.

40. On the Gs.' 2011 tax return, Anna Platos falsely claimed an AOTC of \$288, but did not identify the educational institution that S.G. purportedly attended.

41. On the Gs.' 2012 tax return, Ted Platos falsely claimed an AOTC of \$552. Ted Platos falsely claimed that S.G. attended "East West University" in 2012.



42. Neither S.G. nor J.G. attended college in 2011 or 2012, and they did not tell Ted Platos or Anna Platos that they attended college or incurred any education expenses during these years.

43. The Gs.' 2011 and 2012 tax returns sought higher tax refunds than the Gs' were entitled to because of these false education credits.

**R.L. and Z.L.**

44. Customers R.L. and Z.L. of Schiller Park, Illinois had their 2011 and 2012 federal income tax returns prepared by Anna Platos and Ted Platos, respectively.

45. Anna Platos and Ted Platos falsely claimed the AOTC in the amounts of \$1,407 and \$891 on the Ls.' 2011 and 2012 tax returns, respectively.

46. The Ls.' 2011 tax return falsely claimed that Z.L. was a student in 2011, and the Ls.' 2012 tax return falsely claimed that R.L. was a student in 2012.

47. Neither Z.L. nor R.L. attended college in 2011 or 2012 or had any education expenses these years, and they did not inform Anna Platos or Ted Platos that they had such expenses.

48. In part because of these false credits, the Ls.' 2011 and 2012 tax returns sought bogus refunds of \$2,787 and \$1,014, respectively.

**Bogus Schedule A Deductions**

49. Anna Platos and Ted Platos report bogus deductions on the Schedules A attached to their customers' federal income tax returns to fraudulently reduce customers' taxable income. For example, Anna Platos and Ted Platos fabricate (or falsely inflate) charitable contributions, medical expenses, and state and local taxes purportedly paid by their customers. Anna Platos and Ted Platos also prepare 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. Returns that Anna Platos and Ted Platos prepare 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.”

**R.S.**

50. For example, Anna Platos prepared the 2011 and 2012 federal income tax returns of R.S. of Tinley Park, Illinois.

51. On R.S.’s 2011 tax return, Anna Platos falsely reported that R.S. donated \$6,250 in non-cash charitable contributions. R.S. did not make any such contributions, and did not provide that amount to Anna Platos.

52. Anna Platos also falsely claimed that R.S. incurred \$5,821 in unreimbursed employee business expenses, purportedly for parking, tolls, and transportation. Anna Platos asked R.S. if he drove to work every day, and apparently claimed R.S.’s commuting expenses as an unreimbursed employee business expense. Commuting costs are not a deductible expense.

53. On R.S.’s 2012 tax return, Anna Platos falsely inflated the amount of real estate taxes that R.S. paid in that year and falsely claimed a deduction for \$3,944, when R.S. actually paid only \$2,303.

54. As a result, R.S.'s tax return claimed a bogus refund of \$2,585.

**N.G. and I.G.**

55. Anna Platos prepared the 2012 federal income tax return of customers N.G. and I.G. of Chicago, Illinois.

56. In 2012, N.G. volunteered at his church by serving on its board of directors. Anna Platos falsely told N.G. that he could deduct the time that he spent volunteering. Anna Platos then fabricated a non-cash charitable contribution in the amount of \$5,400 on the Schedule A attached to the G.'s 2012 tax return.

57. As a result, the Gs.' tax return claimed a bogus refund of \$1,808.

**R.M. and L.L.-M.**

58. Ted Platos prepared the 2013 federal income tax return of R.M. and L.L.-M of Chicago, Illinois.

59. On the Schedule A attached to the tax return, Ted Platos falsely claimed unreimbursed employee business expenses of \$3,235 and personal property taxes of \$2,990. The Ms. do not know why Ted Platos reported these expenses. The Ms. did not incur such expenses and did not tell Ted Platos that they had any such expenses. R.M. worked as a cook and sometime purchased his own tools or utensils, but stated that the \$3,235 amount was "too big" and that he did not tell Ted Platos that he had such expenses. The Ms. simply gave Ted Platos their Forms W-2 and mortgage documentation, and later received the completed tax return from Ted Platos.

60. As a result of these fraudulent claims, the Ms' tax return claimed a bogus refund in the amount of \$754.

**Other Examples of Anna Platos' and Ted Platos' Fraudulent Tax Return Preparation**

**W.B. and V.B.**

61. Ted Platos prepared the 2012 federal income tax returns of customers W.B. and V.B. of Calumet City, Illinois.

62. The Bs. told Ted Platos that they were married, but that they wanted to file separate tax returns. However, rather than properly prepare two tax returns with a filing status of “married filing separately,” Ted Platos falsely claimed “single” filing status on the two tax returns that he prepared for W.B. and V.B.

63. W.B. was employed as a corrections officer and had expenses for uniforms. However, Ted Platos falsely claimed on the Schedule A attached to W.B.’s 2012 tax return that W.B. had \$9,410 in unreimbursed employee business expenses. In 2012, W.B.’s uniform expenses were far less than that claimed on his tax return. W.B. does not know where Ted Platos came up with that amount of unreimbursed employee business expenses.

64. On W.B.’s 2012 tax return, Ted Platos also falsely reported medical expenses of \$7,534. W.B. had no such expenses.

65. On V.B.’s 2012 tax return, Ted Platos falsely reported that V.B. incurred medical expenses (\$8,042), unreimbursed employee business expenses (\$2,027), cash charitable contributions (\$955), and non-cash charitable contributions (\$1,140). V.B. did not incur any such expenses, and did not tell Ted Platos that she incurred any such expenses.

66. As a result of Ted Platos’ fraudulent claims, W.B.’s tax return claimed a bogus refund of \$2,852, and V.B.’s tax return claimed a bogus refund of \$1,236.

**T.G. and M.G.**

67. Customers T.G. and M.G. of Gilberts, Illinois, had their 2011 federal income tax return prepared by Anna Platos, and their 2012 and 2013 federal income tax returns prepared by Ted Platos.

68. On the Gs.' 2011 tax return, Anna Platos falsely claimed an AOTC in the amount of \$993. M.G. did not attend school in 2011, did not have any qualifying education expenses, and did not tell Anna Platos that she had any such expenses.

69. Anna Platos also falsely told M.G. that she could deduct her commuting mileage to and from work on her tax return. On the Schedule A attached to the Gs.' 2011 tax return, Anna Platos fraudulently reported that M.G. incurred unreimbursed employee business expenses (for her commuting mileage) in the amount of \$8,002.

70. On the Gs.' 2012 and 2013 tax returns, Ted Platos fraudulently reported that M.G. incurred unreimbursed employee business expenses in the amounts of \$8,270 and \$8,456, respectively.

71. Ted Platos also reported a bogus personal property tax deduction on the Gs.' 2013 tax return. The Gs. did not have that expense, and did not tell Ted Platos that they incurred it in 2013.

72. As a result of these fraudulent claims, the Gs.' 2011 and 2013 tax returns claimed bogus refunds of \$1,885 and \$581, respectively, and their 2012 tax return underreported the tax that the Gs. owed.

73. After receiving a letter from the IRS in 2014, M.G. contacted Ted Platos to ask whether there were any problems with the Gs.' tax returns, and Ted Platos simply responded that "everything was taken care of."

**A.P. and N.P.**

74. Customers A.P. and N.P. of Oak Lawn, Illinois, had their 2010 through 2013 federal income tax returns prepared by Anna Platos (2010 and 2011 tax returns) and Ted Platos (2012 and 2013 tax returns).

75. Anna Platos claimed bogus AOTC on the Ps.' 2010 and 2011 tax returns in the amounts of \$1,338 and \$1,476, respectively. Ted Platos claimed a bogus AOTC in the amount of \$1,017 on the Ps.' 2012 tax return. But in 2010, N.P. took English lessons that were paid for by the federal government, and did not qualify for an education credit. In 2011 and 2012, the Ps. did not have any education expenses.

76. In 2012 and 2013, A.P. worked for a delivery service that issued Forms 1099 that reported his earnings. Ted Platos reported A.P.'s income on the Schedules C attached to the returns. Ted Platos then fabricated expenses on the Schedules C attached to the returns to falsely reduce A.P.'s tax liability.

77. On the 2012 tax return, Ted Platos falsely claimed that A.P. incurred the following expenses: depreciation (\$4,362); insurance (\$830); office (\$420); repairs (\$1,635); and other expenses (\$1,320). On the 2013 tax return, Ted Platos falsely claimed that A.P. incurred the following expenses: car and truck (\$6,122); insurance (\$921); and meals (\$2,210). In reality, A.P. had no such expenses in 2012 and 2013, and did not tell Ted Platos that he had such expenses related to his job for the delivery service.

78. As a result of the bogus education credits and Schedule C expenses, the Ps. 2010, 2011, 2012, and 2013 tax returns claimed bogus refunds of \$2,851, \$2,884, \$1,672, and \$464, respectively.

**J.B. and C.C.**

79. Anna Platos prepared the 2009, 2010, 2011, and 2012 federal income tax returns of J.B. and C.C. of Skokie, Illinois.

80. J.B. and C.C. are married. Anna Platos properly claimed the filing status of married filing jointly on J.B.'s and C.C.'s 2009 tax return.

81. However, despite knowing that J.B. and C.C. were married, Anna Platos falsely claimed the wrong filing status on the tax returns she prepared for 2010, 2011, and 2012 as discussed below. For each of these years, Anna Platos prepared separate tax returns for J.B. and C.C.

82. On the 2010 and 2011 tax returns, Anna Platos falsely claimed head of household on J.B.'s tax returns, and single on C.C.'s tax returns. On the 2012 tax returns, Anna Platos falsely claimed head of household on both J.B.'s and C.C.'s tax returns.

83. Even though Anna Platos knew that J.B. and C.C. lived together, she reported different addresses on their 2010 through 2012 tax returns, listing C.C.'s address as that of C.C.'s uncle.

84. By falsely representing their filing status, Anna Platos fraudulently enabled J.B. and C.C. to claim a larger standard deduction than they were entitled to claim.

85. In addition, on J.B.'s and C.C.'s 2012 tax returns, Anna Platos falsely split their dependents, claiming one of their children as a dependent on J.B.'s tax return, and another child as a dependent on C.C.'s tax return. This fraudulently enabled both J.B. and C.C. to claim head of household filing status, obtain a larger standard deduction, and claim a child tax credit.

86. Anna Platos also fraudulently manipulated the income that she reported on J.B.'s and C.C.'s tax returns.

87. J.B received income from an S-corporation that he solely owned. Anna Platos falsely reported some of that income as income to C.C. on C.C.'s tax return. In reality, C.C. did not receive any income from the S-corporation, and the corporation did not issue any Form 1099 or K-1 to C.C. reporting any income paid to her. Anna Platos simply allocated some of J.B.'s income to C.C.'s tax return in order to avoid the higher income tax bracket.

88. Anna Platos also claimed bogus AOTCs on C.C.'s 2009, 2010, and 2011 tax returns, in the amounts of \$900, \$1,500, and \$1,294, respectively. C.C. did not attend school in any of these years, did not have any qualifying education expenses, and did not tell Anna Platos that she had any such expenses.

89. As a result of Anna Platos' fraudulent conduct, J.B.'s and C.C.'s tax liabilities were underreported from 2009 to 2012.

#### **Anna Platos' Fabrication of a Document for Presentation to the IRS**

90. Anna Platos prepared the 2008, 2009, and 2010 federal income tax returns of customers D.M. and A.M. of Glendale Heights, Illinois.

91. The IRS conducted an examination of the Ms.' 2008, 2009, and 2010 tax returns, and found that the tax that Anna Platos claimed on the returns underreported the Ms.' actual tax liability by \$3,593, \$4,967, and \$4,356, respectively.

92. During the examination, both the Ms. and Anna Platos corresponded with the IRS. The Ms.' 2010 tax return claimed a Residential Energy Credit in the amount of \$930. The Ms. did not know anything about the credit, and did not tell Anna Platos that they had any expenses that would qualify for such a credit.



93. Pursuant to the IRS's request for documentation supporting the credit, Anna Platos fabricated a receipt from Home Depot showing a purported purchase of insulation and provided it to the IRS agent without the Ms.' knowledge.

94. The purported Home Depot receipt was actually a quote provided to Anna Platos in 2012 from Home Depot that Anna Platos altered (backdating it to 2010 and removing the word "quote" and adding the words "paid in full") to look like a receipt.

95. Anna Platos also instructed A.M. to lie to the IRS agent and tell the agent that the insulation purportedly purchased was paid for with cash provided by A.M.'s mother-in-law. A.M. refused to lie to the IRS.

96. When the Ms. subsequently questioned Anna Platos about the status of the IRS examination, Anna Platos falsely told the Ms. that it was "taken care of" and "not to worry about it."

#### **Harm Caused by Defendants**

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

98. The Defendants' conduct harms the United States because their customers are under-reporting and under-paying their correct tax liabilities.

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

100. The Defendants further harm the United States because the Internal Revenue Service must devote its limited resources to investigating the Defendants' tax return preparation, including ascertaining their customers' correct tax liabilities, recovering any refunds erroneously issued, and collecting any additional taxes and penalties.

**Count I**  
**Injunction under 26 U.S.C. § 7407**

101. The United States incorporates by reference the allegations in paragraphs 1 through 100.

102. 26 U.S.C. § 7407 authorizes a district court to enjoin a tax return preparer from engaging in conduct subject to penalty under 26 U.S.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 tax preparer.

103. The Defendants have continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. § 6694 by preparing federal income tax returns that understate their customers' liabilities based on unreasonable, unrealistic, frivolous, and reckless positions.

104. The Defendants' continual and repeated violations of 26 U.S.C. § 6694 fall within 26 U.S.C. § 7407(b)(1)(A) and (D), and thus the Defendants are subject to an injunction under 26 U.S.C. § 7407.

105. If they are not enjoined, the Defendants are likely to continue to prepare and file false and fraudulent tax returns.

106. The Defendants' continual and repeated conduct, including their bogus claims of head of household filing status, Schedule A deductions, business income and expenses, and the American Opportunity Tax Credit, subjects them to an injunction under 26 U.S.C. § 7407, and demonstrates that a narrow injunction prohibiting only specific conduct would be insufficient to prevent the Defendants' interference with the proper administration of the internal revenue laws. Thus, the Defendants should be permanently barred from acting as tax return preparers.

**Count II**  
**Injunction Under 26 U.S.C. § 7408**

107. The United States incorporates by reference the allegations in paragraphs 1 through 106.

108. 26 U.S.C. § 7408 authorizes a district court to enjoin any person from engaging in conduct subject to penalty under 26 U.S.C. § 6701 if injunctive relief is appropriate to prevent recurrence of such conduct.

109. 26 U.S.C. § 6701(a) 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.

110. The Defendants prepare federal tax returns for customers that they know will understate their correct tax liabilities. The Defendants each knowingly prepare returns claiming improper expenses, deductions, and credits for their customers. The Defendants' conduct is subject to a penalty under 26 U.S.C. § 6701.

111. If the Court does not enjoin the Defendants, they are likely to continue to engage in conduct subject to penalty under 26 U.S.C. § 6701. The Defendants' conduct of preparing tax returns claiming improper expenses, deductions, and credits is widespread and has been continuous for many years. Injunctive relief is therefore appropriate under 26 U.S.C. § 7408.

**Count III**  
**Injunction Under 26 U.S.C. § 7402(a)**

112. The United States hereby incorporates by reference the allegations in paragraphs 1 through 111.

113. 26 U.S.C. § 7402 authorizes a district court to issue orders of injunction as may be necessary or appropriate for the enforcement of the internal revenue laws.

114. The Defendants have engaged in conduct that substantially interferes with the enforcement of the internal revenue laws.

115. Unless enjoined, the Defendants are likely to continue to engage in such improper conduct and interfere with the enforcement of the internal revenue laws. If the Defendants are not enjoined from engaging in fraudulent and deceptive conduct, the United States will suffer irreparable injury by wrongfully providing federal income tax refunds to individuals not entitled to receive them.

116. While the United States will suffer irreparable injury if the Defendants are not enjoined, the Defendants will not be harmed by being compelled to obey the law.

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

118. 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 Anna Platos and Theodore Platos have continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. § 6694, and have continually and repeatedly engaged in other fraudulent or deceptive conduct that substantially interferes with the administration of the tax laws, and that a narrower injunction prohibiting only this specific misconduct would be insufficient;

B. That the Court, pursuant to 26 U.S.C. § 7407, enter a permanent injunction prohibiting Anna Platos and Theodore Platos from acting as federal tax return preparers;

C. That the Court find that Anna Platos and Theodore Platos have engaged in conduct subject to a penalty under 26 U.S.C. § 6701, and that injunctive relief under 26 U.S.C. § 7408 is appropriate to prevent a recurrence of that conduct;

D. That the Court find that Anna Platos and Theodore Platos have engaged in conduct that interferes with the enforcement of the internal revenue laws, and that injunctive relief is appropriate to prevent the recurrence of that conduct pursuant to the Court's inherent equity powers and 26 U.S.C. § 7402(a);

E. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter a permanent injunction prohibiting Anna Platos, individually and doing business as Midway Accounting Services, and Theodore A. Platos, individually and doing business as Midway Accounting

Services and API Tax Solutions, Inc., and all those in active concert or participation with them, from:

- (1) acting as federal tax return preparers, or assisting in, requesting, or directing the preparation or filing of federal tax returns, amended returns, or other related documents or forms for any person or entity other than themselves;
- (2) preparing or assisting in preparing federal tax returns that they know or reasonably should have known would result in an understatement of tax liability or the overstatement of federal tax refund(s) as subject to penalty under 26 U.S.C. § 6694;
- (3) maintaining, assigning, holding, using, or obtaining a Preparer Tax Identification Number (PTIN) or an Electronic Filing Identification Number (EFIN);
- (4) engaging in any other activity subject to penalty under 26 U.S.C. §§ 6694, 6701, or any other penalty provision in the Internal Revenue Code; and
- (5) engaging in conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws;

F. That the Court, pursuant to 26 U.S.C. § 7402, enter an order requiring Anna Platos and Theodore Platos to post full-sized (8 ½” by 11”), paper copies of the Court’s Order of Permanent Injunction, in both the English version issued by the Court and a Polish translation to be prepared at the expense of Anna Platos and Theodore Platos, upon the entrance to their place(s) of business so that they are prominent and visible to the public, and maintain these copies of the Order of Permanent Injunction upon the entrance for at least one year from the date of the entry of the Court’s Order of Permanent Injunction;

G. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter an order requiring Anna Platos and Theodore Platos to contact, within 30 days of the Court’s order, by United States first class mail and, if an e-mail address is known, by e-mail, all persons for whom they 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

them, including sending a copy of the Order of Permanent Injunction but not enclosing any other documents or enclosures unless agreed to by counsel for the United States or approved by the Court, and provide to counsel for the United States within 30 days a signed and dated certification under the penalty of perjury that they so informed these persons;

H. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter an order requiring Anna Platos and Theodore Platos to produce to counsel for the United States, within 30 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 they prepared federal tax returns or claims for a refund for tax years tax years beginning in 2009 and continuing through this litigation;

I. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter an injunction requiring Anna Platos and Theodore Platos to provide a copy of the Court's order to all of Anna Platos' and Theodore Platos' principals, officers, managers, employees, and independent contractors (if any) within 15 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 Anna Platos and Theodore Platos provided a copy of the Court's order;

J. That the Court retain jurisdiction over Anna Platos and Theodore Platos and over this action to enforce any permanent injunction entered against them;

K. That the United States be entitled to conduct discovery to monitor Anna Platos' and Theodore Platos' compliance with the terms of any permanent injunction entered against them;  
and

L. 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,

ZACHARY T. FARDON  
United States Attorney

s/ Daniel A. Applegate  
DANIEL A. APPLGATE  
Trial Attorney, Tax Division  
U. S. Department of Justice  
P.O. Box 7238, Ben Franklin Station  
Washington, D.C. 20044  
Telephone: (202) 353-8180  
Fax: (202) 514-6770  
daniel.a.applegate@usdoj.gov