

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA

\*

CRIMINAL NO. 19-27

v.

\*

SECTION: J

MICHEGEL DWAYNE BUTLER

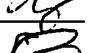
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**FACTUAL BASIS**

The defendant, **MICHEGEL DWAYNE BUTLER**, (hereinafter “**BUTLER**”) has indicated that he intends to plead guilty as charged to Count One of the Indictment against him, that is, conspiracy to defraud the United States, in violation of 18 U.S.C. § 371.

The United States and defendant **BUTLER** do hereby stipulate and agree that the allegations in the Indictment and the following facts are true and correct and that, should this matter have proceeded to trial, the government would have proven them beyond a reasonable doubt, through the introduction of competent testimony and admissible tangible and documentary exhibits. This Factual Basis does not attempt to set forth all of the facts known to the United States at this time. The limited purpose of this Factual Basis is to demonstrate that there exists a sufficient legal basis for defendant **BUTLER**’s guilty plea. By their signatures below, the parties expressly agree that there is a factual basis for the guilty plea that the defendant will tender. The parties also agree that this Factual Basis may, but need not, be used by the United States Probation Office and the Court in determining the applicable advisory guideline range under the United States Sentencing Guidelines or the appropriate sentence under 18 U.S.C. § 3553(a).

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At all times material to the Indictment, Crown Tax Service, LLC (“Crown Tax Service”) was a tax preparation business located at 2150 Airline Drive in Kenner, Louisiana, within the Eastern District of Louisiana.

At all times material to the Indictment, defendant **BUTLER**, the owner of Crown Tax Service, resided in St. John the Baptist Parish, which is within the Eastern District of Louisiana.

At all times material to the Indictment, the Internal Revenue Service (“IRS”) was an agency of the United States Department of the Treasury responsible for administering the tax laws of the United States and collecting taxes owed to the United States.

At all times material to the Indictment, an Electronic Filing Identification Number (“EFIN”) was a unique number issued by the IRS to tax return preparers that electronically file tax returns on behalf of clients.

Beginning on or about January 1, 2013 and continuing through on or about April 15, 2013, in the Eastern District of Louisiana and elsewhere, defendant **BUTLER**, and others, both known and unknown to the Grand Jury, unlawfully, voluntarily, intentionally, and knowingly did conspire, combine, confederate, and agree together and with each other to defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful government functions of the IRS in the ascertainment, computation, assessment, and collection of federal income taxes. The purpose and object of the conspiracy was for the defendants and co-conspirators to unjustly enrich themselves and others by fraudulently inflating the tax refunds claimed on the tax returns of Crown Tax Service clients to which they were not entitled.

Among the manner and means by which defendant **BUTLER** and his co-conspirators carried out the conspiracy were the following:

In or about January 2013 defendant **BUTLER** established Crown Tax Service.

Defendant **BUTLER** did not obtain an EFIN for Crown Tax Service. Instead, on or about January 22, 2013, he came to an agreement with another tax preparation business to use its EFIN to file tax returns on behalf of Crown Tax Service clients.

Defendant **BUTLER** established a bank account with Whitney Bank on or about January 25, 2013, to receive fees for tax preparation.

Defendant **BUTLER** and others charged clients a fee as high as \$600 for preparing their tax returns. The fee was often deducted from the clients' refund.

Defendant **BUTLER** and others, aided and assisted in the filing of false U.S. Individual Income Tax Returns (IRS Forms 1040), which contained false information, which resulted in false and fraudulent claims for tax refunds from the IRS.

It was a further part of the conspiracy that defendant **BUTLER** and others, would and did include false items on the federal income tax returns of clients, including but not limited to false Schedule C income and expenses, false dependents, and false dependent care expenses (Form 2441).

Defendant **BUTLER** and others used a "Schedule C Declaration" which purported to report a client's income and expenses for a business. They directed clients of Crown Tax Service to sign blank "Schedule C Declarations," which the defendant **BUTLER** and others would then complete with false business income and expenses. The defendant **BUTLER** and others also directed some clients to fill out false receipts to purport to substantiate income and expenses reported on their tax returns.

Defendant **BUTLER** and others also added false dependents to the tax returns of Crown Tax Service's clients. Some clients were encouraged to buy or sell dependents for the use on tax returns.

Defendant **BUTLER** and others issued, or cause to be issued, checks to clients from Crown Tax Service's bank account for the amount of their tax refund, less Crown Tax Service's preparation fee.

Defendant **BUTLER** and others required some clients to pay an additional cash fee after receiving their tax refund.

In furtherance of the conspiracy, and to effect the objects thereof, members of the conspiracy, committed or caused to be committed the overt acts below, among others, within the Eastern District of Louisiana and elsewhere. On or about the dates listed below, defendant **BUTLER** and others, caused the filing of false United States Individual Income Tax Returns (Form 1040), for the tax year 2012, for the individual with initials or name identified below:

Approximate Date Filed	Taxpayer Name	False Entries
January 24, 2013	M.P.	Line 12
January 24, 2013	D.P.	Line 6c
January 29, 2013	C.M.J.	Line 12 Form 2441
January 31, 2013	M.M.	Line 6c Line 12 Form 2441
January 31, 2013	B.A.	Line 6c Line 12 Form 2441
January 31, 2013	J.P.	Line 12
February 1, 2013	D.E.A.	Line 6c Form 2441
February 4, 2013	K.S.	Line 12
February 5, 2013	F.H.	Line 12 Form 2441
February 5, 2013	N.M	Line 12

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		Form 2441
February 5, 2013	A.S.	Line 12
February 7, 2013	X.C.	Line 6c
February 8, 2013	B.L.	Line 6c Line 12
February 8, 2013	L.J.	Line 12 Form 2441
February 12, 2013	F.A.	Line 6c Line 12 Form 2441
February 14, 2013	K.B.	Line 12

On or about the dates listed below, defendant **BUTLER** and others, issued and caused the issuance of checks representing a portion of the tax refund for the taxpayers identified by the initials below for the following amounts:

Date Issued	Taxpayer Name	Check Amount
February 6, 2013	M.P.	\$1,532
February 7, 2013	C.M.J.	\$4,470
February 16, 2013	J.P.	\$3,850
February 19, 2013	M.M.	\$1,800
February 19, 2013	M.M.	\$2,800
February 19, 2013	K.S.	\$3,700
February 22, 2013	A.S.	\$4,950
February 25, 2013	F.H.	\$5,500
February 25, 2013	N.M	\$5,300
February 27, 2013	X.C.	\$4,400
February 28, 2013	F.A.	\$1,120
March 4, 2013	K.B.	\$5,300
March 4, 2013	D.P.	\$5,000
March 6, 2013	L.J.	\$2,200

Various records, including income tax returns, IRS filing records, bank records, audio and video recordings, and documents and tangible objects would be introduced at trial to prove the facts as set forth above. In addition, the testimony of employees and agents of the Internal

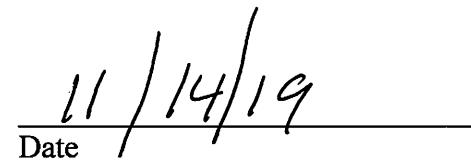
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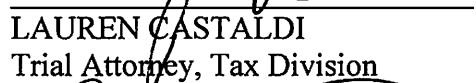


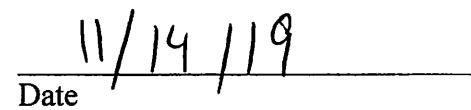
Revenue Service, and other competent witnesses would be introduced at trial to prove the facts set forth above.

**APPROVED AND AGREED TO:**

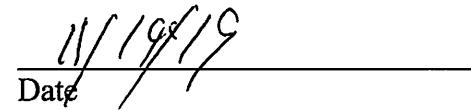
  
DALL KAMMER  
Assistant United States Attorney

  
Date

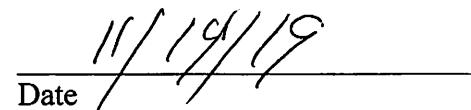
  
LAUREN CASTALDI  
Trial Attorney, Tax Division

  
Date

  
ROBERT JENKINS  
Attorneys for Defendant Butler

  
Date

  
MICHEGEL DWAYNE BUTLER  
Defendant

  
Date