

U.S. DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA
FILED 12-5-19
WILLIAM W. BLEVINS
CLERK



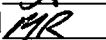
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA * CRIMINAL NO. 19-200
v. * SECTION: "L"
DANIELLE FRANKLIN *
* * *

FACTUAL BASIS

The defendant, DANIELLE FRANKLIN, ("FRANKLIN") has indicated that she intends to plead guilty as charged to the Indictment currently pending against her. Namely, she has agreed to plead guilty to Count 1, which charges her with aiding and assisting in the preparation of false tax returns, in violation of 26 U.S.C. § 7206(2).

The United States and FRANKLIN 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 FRANKLIN'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).

AUSA 
Defendant 
Defense Counsel 

Documents and testimony would be introduced to show that the Internal Revenue Service (“IRS”) was an agency of the United States Department of Treasury responsible for enforcing and administering the tax laws of the United States and collecting taxes owed to the United States.

Documents and testimony would be introduced to show that an Electronic Filing Identification Number (“EFIN”) was a number assigned by the IRS to tax return preparers who were accepted into the electronic filing program. The EFIN permitted tax return preparers to electronically file tax returns. A Preparer Tax Identification Number (“PTIN”) was a number required of all tax return preparers who are compensated for preparing, or assisting in the preparation of, all or substantially all of any United States federal tax return, claim or refund, or other tax form submitted to the IRS. Each return preparer must have his or her own PTIN.

Documents and testimony would be introduced to show that, at all times material to the Indictment, defendant **FRANKLIN** resided in New Orleans, Louisiana, which is within the Eastern District of Louisiana. **FRANKLIN** owned and operated a tax preparation business named Cutting Edge Income Tax, located in Metairie, Louisiana. In or about December 2013, **FRANKLIN** obtained an EFIN and a PTIN. **FRANKLIN** used both numbers to prepare and file federal income tax returns.

Documents and testimony would be introduced to show that as part of her tax preparation business, **FRANKLIN** willfully aided and assisted numerous federal income tax filers in preparing and filing false U.S. Individual Income Tax Returns (IRS Forms 1040) during calendar years 2013 through 2016,¹ which resulted in false and fraudulent claims for tax refunds from the IRS.

¹ **FRANKLIN** and her husband, Jonathan Bates, a co-owner of Cutting Edge Income tax, used the EFIN of another tax preparer for the 2016 tax year filings after **FRANKLIN**'s EFIN was revoked by the IRS.

FRANKLIN prepared individual income tax returns for others that falsely claimed inflated refunds to which she knew these individuals were not entitled. To falsely inflate her clients' tax refunds, **FRANKLIN** prepared and caused to be prepared individual income tax returns that had inflated federal tax withholdings and/or included false or fictitious Schedule C income and expenses. **FRANKLIN** charged fees for preparing these individual income tax returns for others.

From 2013 through 2016, **FRANKLIN** did willfully aid and assist in, and procure, counsel, and advise in the preparation and presentation under the Internal Revenue laws of approximately thirty-one (31) false U.S. Individual Income Tax Returns, Forms 1040, which she did not believe to be true and correct as to every material matter. These false and fraudulent tax filings caused a tax loss to the United States in the amount of \$215,296.43. Specifically, for the 2014 tax year, **FRANKLIN** aided and assisted in the preparation of N.G.'s federal income tax return. The return was false and fraudulent as to several material facts, including that it represented that N.G. was entitled under the provisions of the Internal Revenue laws to claim Schedule C business expenses in the amount of \$104,401.00 versus \$120,564.00 in wages. Federal tax withholdings were listed as \$18,538.00. At the time of the filing, N.G. had no Schedule C losses for the 2014 tax year. Schedule C forms are to be used by sole proprietors to report profits or losses from their businesses to the IRS. **FRANKLIN** knew that N.G. was not entitled to the deductions and that the business expenses were false, but included these fraudulent items on the return in order to inflate N.G.'s refund in violation of the Internal Revenue laws. As a result of these false statements, **FRANKLIN** caused the IRS to issue N.G. a refund in the amount of approximately \$26,972.00, to which N.G. was not entitled. The materially false information provided by **FRANKLIN** to the IRS on behalf of N.G. resulted in a tax loss to the United States for the 2014 tax year of \$30,061.00.

In addition, and for the purposes of relevant conduct, **FRANKLIN's** 2013, 2014, 2015 and 2016 U.S. Individual/Joint Tax Returns, which were prepared and signed by defendant and filed with the IRS, claimed reported inflated withholdings and/or false estimated tax payments. These material misstatements that were knowingly made by **FRANKLIN** caused an additional tax loss to the United States in the amount of \$14,277.00.


In summary, **FRANKLIN's** criminal conduct from 2013 through 2016 caused a tax loss to the United States of approximately \$215,296.43 from thirty-one (31) false tax returns. The defendant's relevant conduct relating to the filing of false individual/joint returns for 2013-2016 caused an additional tax loss to the United States of approximately \$14,277.00. Various records, including income tax returns, IRS filing records, bank records, 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 IRS, and other competent witnesses would be introduced at trial to prove the facts set forth above.

APPROVED AND AGREED TO:




EDWARD J. RIVERA
Assistant United States Attorney

12/5/2019
Date



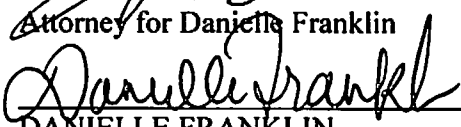
MICHAEL RASPANTI
Attorney for Danielle Franklin

12/05/19
Date



JOSEPH RASPANTI
Attorney for Danielle Franklin

12/5/19
Date



DANIELLE FRANKLIN
Defendant

12/5/19
Date