

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA

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CRIMINAL NO. 22 - 53

v.

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SECTION: "B "

KENISHA R. CALLAHAN

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FACTUAL BASIS

The defendant, KENISHA R. CALLAHAN ("CALLAHAN"), has indicated that she intends to plead guilty as charged to the Bill of Information currently pending against her. Namely, she has agreed to plead guilty to Counts 1 through 3, which charge her with filing a false tax return, in violation of 26 U.S.C. § 7206(1), with aiding and assisting in the preparation of a false tax return, in violation of 26 U.S.C. § 7206(2), and making a false statement related to funds provided by the Department of Education, in violation of 20 U.S.C. § 1097.

The United States and CALLAHAN do hereby stipulate and agree that the allegations in the Bill of Information 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 CALLAHAN'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 shall be used by the United States Probation Office and the Court in

determining the relevant conduct and the applicable advisory guideline range under the United States Sentencing Guidelines or the appropriate sentence under 18 U.S.C. § 3553(a).

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. The United States Department of Education ("DoEd") was a department and agency of the United States, charged with the responsibility to operate, administer, and regulate various Federal student financial assistance programs, including programs offering financial assistance to eligible students pursuing post-secondary education at participating schools.

Documents and testimony would be introduced to show that, at all times material to the Indictment, defendant **CALLAHAN** resided within the Eastern District of Louisiana. **CALLAHAN** owned and operated a tax preparation business named Callahan Tax Service ("CTS") with multiple locations in Hammond, Louisiana, within the Eastern District of Louisiana.

Documents and testimony would be introduced to show that as part of her tax preparation business, **CALLAHAN** willfully aided and assisted certain federal income tax filers in preparing and filing false U.S. Individual Income Tax Returns (IRS Forms 1040) during calendar years 2012 through 2017, which resulted in false and fraudulent claims for tax refunds from the IRS. **CALLAHAN** prepared individual income tax returns for others that falsely claimed inflated refunds to which she knew these individuals were not entitled. To falsely inflate these clients' tax refunds, **CALLAHAN** 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; false or fictitious Schedule A itemized deductions; false or fictitious Earned Income Credit (EIC); and false or fictitious Child Tax Credit/Additional Child Tax Credit (CTC/ACTC).

CALLAHAN charged fees for preparing these individual income tax returns for others but failed to properly report her gross income to the IRS.

With regard to Count one of the Bill of Information, CALLAHAN's 2012, 2013, 2014, and 2015 U.S. Individual/Joint Tax Returns, which were prepared and signed by defendant and filed with the IRS, underreported her gross income as a tax preparer for CTS. [REDACTED]

The tax loss to the United States for CALLAHAN's under reporting of her income and the resultant unpaid taxes is summarized as follows:

2012 Tax Year	\$31,540.00
2013 Tax year	\$42,104.00
2014 Tax Year	\$26,192.00
2015 Tax Year	\$72,037.00

These material misstatements that were knowingly made by CALLAHAN caused an additional tax loss to the United States for the purposes of restitution and sentencing in the amount of \$171,873.00. Specifically, for the tax year 2015, CALLAHAN reported her gross receipts for the purposes of taxable income as being \$75,250.00, when, in truth and fact, her total gross receipts were \$180,487.00, which resulted in a tax loss to the United States in the amount of \$72,037.00.

With regard to Count two of the Bill of Information, from 2012 through 2017, CALLAHAN did willfully aid and assist in, and procure, counsel, and advise in the preparation and presentation under the Internal Revenue laws of at least forty-two (42) false U.S. Individual Income Tax Returns, Forms 1040, which she did not believe to be true and correct as to every

material matter. For the purposes of restitution and sentencing, these false and fraudulent tax filings caused a tax loss to the United States in the amount of \$181,961.00.

Specifically, CALLAHAN aided and assisted in the preparation of [REDACTED] 2014 federal income tax return. [REDACTED] was a paying customer of CTS. The [REDACTED] return was false and fraudulent as to several material facts, including that it represented that [REDACTED] was entitled under the provisions of the Internal Revenue laws to claim Schedule C business losses/expenses in the amount of \$2,221.00. At the time of the filing, [REDACTED] did not own a business and therefore 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. CALLAHAN knew that [REDACTED] 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 [REDACTED] refund in violation of the Internal Revenue laws. As a result of these false statements, CALLAHAN caused the IRS to issue [REDACTED] a refund to which [REDACTED] was not entitled. The materially false information provided by CALLAHAN to the IRS on behalf of [REDACTED] resulted in a tax loss to the United States for the 2014 tax year of \$3,991.00.

With regard to Count three of the Bill of Information, CALLAHAN knowingly and willfully made a false statement as to a material fact to the DoEd wherein she under reported her income for the purpose of obtaining relief from federally funded student loans. Based upon the material false statements, the DoEd forgave \$77,277.00 in 2013 and \$114,461.00 in 2015. Specifically, on or about October 29, 2015, CALLAHAN stated under penalty of perjury in a Post Discharge Monitoring Certification to the DoEd that she earned a total of approximately \$100 per day as a substitute teacher. During the period in question, CALLAHAN earned approximately \$150,000 as a tax preparer and as such, her material representations to the DoEd were false and caused the DoEd to forgive a portion of CALLAHAN's federally backed and/or funded student

loan debt to which she was not entitled. The total loss to the government for the purposes of restitution and sentencing on the DoLid issue is **\$191,738.00**.

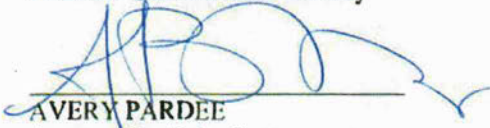
In summary, the total loss amount to the United States for the purposes of restitution and sentencing for all three charged counts in the Bill of Information, including relevant conduct, is **\$545,572.00**. Various records, including income tax returns, IRS filing records, bank records, and documents 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

5/26/22
Date



AVERY PARDEE
Attorney for Defendant

4/27/22
Date



KENISHA R. CALLAHAN
Defendant

4-26-22
Date