

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

CIVIL ACTION NO.

UNITED STATES OF AMERICA,

Plaintiff,

v.

SHARON ANGULO, d/b/a STERLING EXECUTIVE LLC,  
STERLING EXECUTIVE ASSOCIATES, INC.,  
MITIGATION AND SETTLEMENT ASSOCIATES, INC.,  
CHRYSALIS FINANCIAL INVESTMENT GROUP INC.,  
CHRYSALIS PROPERTY MANAGEMENT, INC.,  
SHARON ANGULO, INC.,  
CLAUDIA ZULOAGA, d/b/a BUSINESS SOLUTIONS &  
COMPANY, INC., NATURAL PATH, INC., and  
CLAUDIA ZULOAGA, INC.

Defendants.

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**COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF**

Since at least 2008, Sharon Angulo (“Angulo”) and Claudia Zuloaga (“Zuloaga”) have promoted a tax-fraud scheme in furtherance of which they prepared, assisted in preparing, and/or filed with the Internal Revenue Service (“IRS”) fraudulent federal income tax returns for customers. The fraudulent tax returns request large income tax refunds based on false claims of income earned and federal tax withheld. Because of Angulo and Zuloaga’s tax-fraud scheme, the United States Treasury has erroneously paid out more than \$3 million to their customers. In order to prevent future harm to the government, the United States requests that this Court enjoin Angulo and Zuloaga from preparing tax returns for others and from promoting their fraudulent scheme.

Plaintiff, the United States for its complaint against Angulo and Zuloaga, alleges as follows:

1. This is a civil action brought by the United States under 26 U.S.C. §§ 7402(a), 7407, and 7408 to enjoin Angulo and Zuloaga and anyone in active concert or participation with them, from the following activities:
  - a. Preparing or filing, or assisting in or directing the preparation or filing of any federal tax return, amended return or other related documents or forms for any other person or entity;
  - b. Directly or indirectly organizing, promoting, marketing or selling any plan or arrangement that advises or assists taxpayers to attempt to violate the internal revenue laws or unlawfully evade the assessment or collection of their federal tax liabilities, including promoting or selling the use of false Forms 1099 or other false IRS forms based on the false claims that:
    - i. Taxpayers can draw on the Treasury of the United States to pay their tax debt or other debts using IRS Forms 1099, bonded promissory notes, or other documents;
    - ii. Taxpayers can issue false Forms 1099 to a creditor and report the amount on the false Form 1099 as income taxes withheld on their behalf;
    - iii. Taxpayers have a secret account with the Treasury Department, which they can use to pay their debts or which they can draw on for tax refunds through a process that is often termed “redemption” or “commercial redemption” by promoters of this tax-fraud scheme, and;

- iv. Taxpayers can use the Uniform Commercial Code to “accept for value” a document dealing with a debt and that stamping a document with “accept for value” will somehow satisfy that debt, including tax debt.
- c. Engaging in conduct subject to penalty under 26 U.S.C. § 6700, including organizing or selling a plan or arrangement and making or furnishing a statement regarding the excludability of income or securing any other tax benefit that they know or have reason to know is false or fraudulent as to any material matter;
- d. Engaging in conduct subject to penalty under 26 U.S.C. § 6701, including preparing and filing tax returns and other documents that understate the tax liabilities of others;
- e. Preparing their own federal income tax returns with fabricated income tax withholding and refunds based on amounts shown in bogus Forms 1099-OID;
- f. Filing, providing forms for, or otherwise aiding and abetting the filing of frivolous Forms 1040, Forms 1040X or Forms 1099 or other IRS forms for themselves or others, including the notarization of signing of certificates of service or similar documents in connection with the frivolous tax returns;
- g. Giving tax advice or assistance to anyone, and representing anyone other than themselves before the Internal Revenue Service, and;
- h. Engaging in any other conduct that is subject to penalty under the Internal Revenue Code or that interferes with the proper administration and enforcement of the internal revenue laws.

### **Jurisdiction and Venue**

2. Pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, this action has been requested by the Chief Counsel of the Internal Revenue Service, a delegate of the Secretary of the Treasury, and is brought at the direction of the Attorney General of the United States.
3. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345 and 26 U.S.C. §§ 7402(a), 7407, and 7408.
4. Venue is proper in this Court pursuant to 28 U.S.C. § 1391 because Angulo and Zuloaga reside in and do business in Miami, Florida, within this judicial district.

### **The Defendants**

5. Angulo is the registered agent of numerous companies, including Sterling Executive LLC, Mitigation and Settlement Associates LLC, Chrysalis Financial Investment Group, Inc., Chrysalis Property Management, Inc., and Claudia Zuloaga, Inc. None of these entities has ever filed a federal income tax return.
6. Zuloaga is the registered agent of numerous companies, including Sterling Executive LLC, Business Solutions & Company, Inc., Natural Path, Inc., and Sharon Elizabeth Angulo, Inc. None of these entities has ever filed a federal income tax return.

### **Proper Reporting Procedures for Certain Income and Tax Withholdings**

7. Federal law requires that certain entities file documents called “information returns.” These documents provide the IRS with information about, for example, money paid to an individual taxpayer by an entity and any federal income tax that the entity withheld. A common information return is the Form W-2 that an employer files with the IRS to report income paid to an employee and federal income tax withheld on the employee’s behalf.

8. Another information return is Form 1099-OID, which is used to report original issue discount (“OID”) income and any federal income tax withheld from that income. OID income refers to the difference between the discounted price at which a debt instrument is sold at issuance, and the stated redemption price at maturity.
9. For example, if a taxpayer buys for \$950 a 10-year bond with a stated redemption price at maturity of \$1,000, the OID is \$50. The taxpayer must account for the interest that accrues during each of the ten years, toward the ultimate \$50 of total OID interest. Although the taxpayer does not actually receive the interest each year, it must be reported on the taxpayer’s income tax return each year.
10. If any federal tax is withheld from the OID amount each year, the withholding is also reported on Form 1099-OID.
11. The party that issues a debt instrument that generates OID must issue a Form 1099-OID. The Form 1099-OID must be filed with the IRS and is typically sent to the taxpayer for reference.
12. If a taxpayer has OID interest income to report, the taxpayer must record it on IRS Form Schedule B. Schedule B must be attached to the taxpayer’s federal income tax return, and information from Schedule B is reported on the taxpayer’s federal income tax return.
13. An entity that issues information returns like Form 1099-OID must also submit to the IRS a Form 1096, “Annual Summary and Transmittal of U.S. Information Returns.” Form 1096 contains a summary of the total contents of all of the Forms 1099-OID that the entity filed for a particular tax year.

**Angulo and Zuloaga's Abusive Tax Fraud Scheme**

14. Angulo and Zuloaga promote a tax-fraud scheme that uses fraudulent Forms 1099-OID and individual income tax returns to generate false tax refund checks for their customers.
15. Angulo and Zuloaga have directly solicited, and may continue to directly solicit, customers to participate in this scheme and prepare or assist in preparing their tax returns.
16. The returns that Angulo and Zuloaga have prepared, or have assisted in preparing, fabricate the amount of federal tax purportedly withheld from their customers. The fabricated tax withholding that Angulo and Zuloaga reported to the IRS on their customers' behalf resulted in fraudulent refund claims by their customers in amounts in excess of \$350,000.
17. In support of the fraudulent refund claims on their customers' federal income tax returns, Angulo and Zuloaga have prepared and filed, or assisted with preparing and filing, false Forms 1099-OID.
18. The Forms 1099-OID falsely state that federal income taxes were withheld for the full amount of income purportedly paid or received by their customer, or nearly the full amount of income purportedly paid or received by their customer.
19. The frivolous IRS Forms 1099-OID generated by Angulo and Zuloaga falsely report that their customer has lent money to a creditor of the customer, usually a credit card company, a mortgage company, or a retailer. The false OID income reported appears to be in an amount needed to satisfy a debt (usually a mortgage, car loan, home improvement cost, or credit card debt) owed by the customer to the creditor, or nearly the total amount of debt owed by the customer to the creditor.

20. The Forms 1099-OID submitted also report tax withholding for the full amount of the phony OID income, or nearly the full amount. The result is to eliminate all of their customer's tax liability and to provide the taxpayer with a substantial refund of all or some of the false tax withholding.
21. The false OID income and false withholding are then reported on the customer's federal income tax return, IRS Form 1040. The result is an inflated tax liability for the customer, but with a correspondingly inflated false refund claim, often in an amount of several hundred thousand dollars. One of the returns Angulo and Zuloaga prepared for a customer, or assisted in preparing, included a fraudulent refund claim in the amount of \$364,589.
22. Consequently, Angulo and Zuloaga's customers fail to file correct federal income tax returns and falsely claim tax refunds to which they are not entitled.
23. The central purpose of Angulo and Zuloaga's scheme is to state fraudulent claims for income tax refunds in order to steal from the United States Treasury.
24. This scheme is lucrative for Angulo and Zuloaga. In exchange for Angulo and Zuloaga's fraudulent tax preparation services, their customers typically pay approximately 30 percent of any tax refund received to Angulo and Zuloaga by writing a check to one of the businesses controlled by Angulo and Zuloaga.

#### **Fraudulent Returns**

25. Angulo and Zuloaga have prepared or assisted in the preparation or transmittal of at least 19 returns reporting false Form 1099 withholding.
26. The returns that Angulo and Zuloaga prepared and transmitted, or assisted in preparing

and transmitting, generally follow the model described above.

27. For example:

a. Zuloaga prepared, or assisted in preparing, a fraudulent tax information document and a fraudulent federal income tax return for the 2008 tax year for customer Julia Duran of Homestead, Florida.

- i. Duran's federal income tax return for the 2008 tax year falsely claimed that she earned interest income in the amount of \$529,463.
- ii. Attached to Duran's return is a fraudulent Schedule B that purports to demonstrate the interest income that Duran allegedly earned. Among the false income listed on the Schedule B is \$237,510 from SunTrust Mortgage, \$196,078 from Chase Home Finance, and \$37,325 from Washington Mutual.
- iii. That purported interest income, combined with Duran's earned income and deductions, results in a grossly inflated taxable income of \$553,825.
- iv. Duran's return also falsely claimed \$533,837 in federal withholding for the 2008 tax year.
- vi. As a result, Duran requested and received a refund of \$364,589 for the 2008 tax year. By check dated February 16, 2009, Duran remitted \$109,376 (30 percent of the refund) to Zuloaga's Business Solutions & Company, Inc. The memo line of Duran's check stated that the payment was for a "DONATION."

b. In 2008, Zuloaga prepared fraudulent information returns and other bogus



documents on behalf of a married couple, Dayneris Rodriguez and Ernesto Rodriguez De La Vega, who reside in Miami.

- i. Dayneris Rodriguez and Ernesto Rodriguez De La Vega's joint federal income tax return for the 2008 tax year contained a Schedule B attached to the return with fictitious claims that the couple earned \$122,947 in taxable interest income.
  - ii. Among the false income listed on the Schedule B was \$18,000 from Sallie Mae, \$16,017 from Florida Career College, and \$2,500 from Capital One.
  - iii. The couple's return falsely claimed that all of the purported \$122,947 in interest income was withheld as federal income tax.
  - iv. As a result of the fraudulent tax withholdings listed on the Schedule B and reported on the Form 1040, the IRS issued the couple an electronic refund in the amount of \$95,909. Five days after the refund issued, Dayneris Rodriguez wrote a check to Angulo's Sterling Executive Associates, Inc., for \$28,772.70—exactly 30 percent of the refund.
- c. Zuloaga also prepared a joint return in 2008 for Mahe Batista and Yasmiani Carpintero, a married couple living in Miami, Florida.
- i. Batista and Carpintero's joint federal income tax return for the 2008 tax year falsely claimed on the Schedule B attached to the return that the couple earned \$140,585 in taxable interest income.
  - ii. Among the false income listed on the Schedule B was \$10,500 from SunTrust credit card, \$10,500 from Citi Financial, and \$11,000 from

Home Depot.

- iii. The return falsely claimed that the government withheld in excess of \$140,585 in purported interest income.
- iv. As a result of the fraudulent tax withholding claims on the Schedule B, the couple requested and the IRS issued an electronic refund in the amount of \$115,356 on March 10, 2009. The next day, Yasmiami Carpintero remitted \$34,606.80 to Angulo's Sterling Executive Associates, Inc.—exactly 30 percent of the amount of the fraudulent refund.

28. In addition to preparing, or assisting in preparing, false federal income tax returns and phony Forms 1099-OID for other people, Angulo also files returns for herself using the OID scheme that she promotes to others. For the tax years 2006-2008, Angulo filed her own falsified returns and fraudulent Forms 1099-OID claiming bogus refunds. The IRS issued the requested erroneous refunds in 2007 and 2008 in the amounts of \$437,863 and \$479,057, respectively.

**Angulo and Zuloaga's Abusive Tax Fraud Scheme is Part of a Nationwide Trend**

- 29. Angulo and Zuloaga's scheme is part of a nationwide trend among tax defiers to file frivolous tax returns and Forms 1099-OID with the IRS in an attempt to escape federal tax obligations and steal from the United States Treasury.
- 30. Angulo and Zuloaga's OID tax scheme is based on the frivolous "commercial redemption" theory. Proponents of commercial redemption claim that the United States government is in possession of money rightfully owned by the taxpayer. One tenet of commercial redemption falsely claims that a "Treasury Account" is created in the name of

each citizen at birth. Accordingly, the theory falsely claims that citizens can charge the United States Treasury for the goods and services the citizens purchase. The amount of the purchase is listed as OID income and as withholdings because the citizen's Treasury Account has supposedly already funded the purchase. The notion of a secret Treasury Account assigned to each citizen is pure fantasy, let alone the notion that the United States Treasury will draw on these secret accounts to reimburse individuals for everyday costs such as auto loans, mortgages, home repair expenses, and credit card debt. *See United States v. Anderson*, 353 F.3d 490, 500 (6th Cir. 2003), *cert. denied*, 541 U.S. 1068 (2004) (explaining that the Treasury Department does not maintain depository accounts against which an individual can draw a check, draft, or any other financial instrument).

31. Other courts have enjoined people for promoting the same and similar tax-fraud schemes, and for preparing the same type of bogus tax returns and supporting documentation under theories related to commercial redemption. *See, e.g., United States v. Knupp*, No. 1:09-CV-2724, 2010 WL 2245551, at \*2-3 (N.D. Ga. May 14, 2010) (describing the commercial redemption theory as “frivolous[.]” and the preparer's use of false Forms 1099-OID as “fraudulent”); *United States v. Marty*, No. CIV S-09-0600 FCD EFB PS, 2010 WL 323518 (E.D. Cal. Jan. 14, 2010); *United States v. Miller*, No. 3:09-cv-01030, 2009 WL 4060274, at \*2 (M.D. Tenn. Nov. 23, 2009)
32. Angulo and Zuloaga's redemption theory is pure fiction and numerous courts have condemned this or similar tax-fraud schemes. *Ray v. Williams*, No. CV-04-863-HU, 2005 WL 697041, at \*5-6 (D. Or. Mar. 24, 2005) (discussing the fraudulent claims of “redemptionists” when assessing the constitutionality of a prison denying a prisoner

access to a book containing the theory and explaining how to exploit it); *Monroe v. Beard*, No. 05-04937, 2007 WL 2359833, at \*2 (E.D. Pa. Aug. 16, 2007) (characterizing redemption as an “anti-government scheme that utilizes commercial law to harass and terrorize its targets”).

33. In Notice 2008-14, the IRS alerted taxpayers about the very tax-fraud scheme that Angulo and Zuloaga have promoted and are promoting. In the notice, the IRS advised that “[i]ndividuals may not avoid or evade their tax liability . . . by claiming that they can ‘chargeback’ their debts to the Government.”

**Harm Caused by Angulo and Zuloaga’s Misconduct**

34. The IRS has determined that Angulo and Zuloaga prepared or assisted in the preparation of at least 19 returns reporting false Form 1099 withholding based on the fact that 19 fraudulent returns were filed from a computer traced back to a computer in use by Zuloaga’s company, Natural Path, Inc. In addition, the IRS has identified and interviewed additional individuals who paid Angulo and Zuloaga to prepare false tax returns and phony IRS Forms 1099 on their behalf.
35. As the examples above demonstrate, the returns that Angulo and Zuloaga submit on their customers’ behalf falsely claim that their customers had tax withholdings equal (or nearly equal) to an amount listed on a fraudulent Schedule B and based on phony Forms 1099-OID that Angulo and Zuloaga prepare or assist in preparing for their customers.
36. While the IRS is able to detect and stop most fraudulent refund claims, the IRS has issued over \$3 million in erroneous refunds to Angulo and Zuloaga’s customers due to their tax scheme.

37. In addition to the lost revenue due to the issuance of erroneous refunds, the government has also incurred the expense of conducting the investigation of Angulo and Zuloaga's fraudulent return preparation and responding to and processing the frivolous documents that Angulo and Zuloaga submitted, or caused to be submitted, to the IRS.
38. In reliance on Angulo and Zuloaga's scheme, their customers have failed to file proper federal income tax returns, which has either deprived their customers of proper tax refunds to which they may have been entitled or deprived the United States of additional tax revenue owed by their customers.

**Count I: Injunction Under 26 U.S.C. § 7407**

39. The United States incorporates by reference the allegations contained in paragraphs 1 through 38.
40. The United States may seek an injunction against any tax return preparer who has engaged in any "fraudulent or deceptive conduct which substantially interferes with the proper administration of the Internal Revenue laws," or who has "engaged in any conduct subject to penalty under section 6694 or 6695." 26 U.S.C. § 7407.
41. If a return preparer's misconduct is continual or repeated and the court finds that a narrower injunction (*i.e.*, prohibiting specific enumerated conduct) would not be sufficient to prevent the preparer's interference with the proper administration of federal tax laws, the court may enjoin the person from further acting as a return preparer.
42. Angulo and Zuloaga have repeatedly prepared and filed with the IRS false and fraudulent income tax returns and IRS Forms on behalf of their customers.
43. As a result, Angulo and Zuloaga have repeatedly engaged in fraudulent or deceptive

conduct which substantially interferes with the proper administration of the internal revenue laws.

44. Angulo and Zuloaga have repeatedly and continually prepared and filed federal tax returns that understate their customers' tax liabilities as a result of unrealistic and frivolous claims and have thus engaged in conduct subject to penalty under 26 U.S.C. § 6694.
45. Angulo and Zuloaga have repeatedly and continually prepared and filed federal tax returns that understate their customers' tax liabilities either as a willful attempt to understate their customers' tax liabilities or because of Angulo and Zuloaga's reckless and/or intentional disregard of the internal revenue laws and regulations.
46. Injunctive relief is appropriate to prevent this misconduct because, absent an injunction, Angulo and Zuloaga are likely to continue to prepare false federal income tax returns and engage in other misconduct of the type described in this complaint.
47. Angulo and Zuloaga should be permanently enjoined under 26 U.S.C. § 7407 from acting as federal tax return preparers. Given their longstanding misconduct, the pattern of fraudulent behavior, and the large refunds erroneously claimed by their customers, a more limited injunction would be insufficient to stop them from interfering with the proper administration of the tax laws.

**Count II: Injunction Under 26 U.S.C. § 7408 for Violations of 26 U.S.C. §§ 6700 and 6701**

48. The United States incorporates by reference the allegations contained in paragraphs 1 through 47.
49. The United States may seek an injunction to enjoin any person from, *inter alia*, engaging

in conduct subject to penalty under 26 U.S.C. §§ 6700 or 6701 if injunctive relief is appropriate to prevent recurrence of that conduct.

50. Section 6700 of the Internal Revenue Code imposes a penalty on any person who organizes or participates in the sale of a plan or arrangement and in so doing makes a statement with respect to the allowability of any deduction or credit, the excludability of any income, or the securing of any tax benefit by participating in the plan or arrangement which that person knows or has reason to know is false or fraudulent as to any material matter.
51. Since 2008, Angulo and Zuloaga organized and participated in the sale of a plan or arrangement and in doing so made false and fraudulent statements with respect to the tax benefits of participating in the plan or arrangement which Angulo and Zuloaga knew or had reason to know were false.
52. As a result, Angulo and Zuloaga engaged in conduct subject to penalty under 26 U.S.C. § 6700.
53. Section 6701 of the Internal Revenue Code imposes a penalty on any person who aids or assists in, procures, or advises with respect to, the preparation of any portion of a return, affidavit, claim, or other document, who knows (or has reason to believe) that such portion will be used in connection with any material matter arising under the internal revenue laws, and who knows that such portion (if so used) would result in an understatement of the liability for tax of another person.
54. Angulo and Zuloaga prepared and aided or assisted in the preparation and filing of federal income tax returns and other documents knowing that their actions would result in the

understatement of their customers' tax liabilities.

55. As a result, Angulo and Zuloaga engaged in conduct subject to penalty under 26 U.S.C. § 6701.
56. Injunctive relief is appropriate to prevent recurrence of Angulo and Zuloaga's penalty conduct.

**Count III: Injunction Under 26 U.S.C. § 7402**

57. The United States incorporates by reference the allegations contained in paragraphs 1 through 56.
58. Courts may issue injunctions as may be necessary or appropriate for the enforcement of the internal revenue laws, even if the United States has other remedies available for enforcing those laws. *See* 26 U.S.C. § 7402.
59. Angulo and Zuloaga substantially interfered with the enforcement of the internal revenue laws by promoting the "redemption" or "commercial redemption" tax-fraud scheme and filing frivolous federal tax returns and other false documents on behalf of their customers.
60. As a result of Angulo and Zuloaga's misconduct, their customers fail to file proper tax returns and instead file frivolous refund claims with the IRS.
61. Angulo and Zuloaga's conduct results in irreparable harm to the United States for which the United States has no adequate remedy at law.
62. Angulo and Zuloaga's conduct interferes with the proper administration of the internal revenue laws because it results in numerous frivolous filings that hinder the IRS's ability to determine the correct tax liabilities of their customers.
63. Unless enjoined by this Court, Angulo and Zuloaga will continue to promote and



administer their tax-fraud scheme.

64. The United States is entitled to injunctive relief under 26 U.S.C. § 7402(a) to prevent the recurrence of this misconduct.

WHEREFORE, Plaintiff, the United States of America, prays for the following relief:

- A. That the Court find that Angulo and Zuloaga have continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. §§ 6694, 6695, 6700, and 6701 and that injunctive relief is appropriate under 26 U.S.C. §§ 7402(a), 7407, and 7408 to bar Angulo and Zuloaga from acting as tax return preparers and from engaging in conduct subject to penalty under 26 U.S.C. §§ 6694, 6695, 6700 and 6701;
- B. That the Court find that Angulo and Zuloaga have engaged in conduct that substantially interferes with the enforcement and administration of the internal revenue laws, and that injunctive relief against them is appropriate to prevent the recurrence of that misconduct pursuant to 26 U.S.C. §§ 7407 and 7402(a);
- C. That the Court, under 26 U.S.C. §§ 7402 and 7407, enter a permanent injunction permanently barring Angulo and Zuloaga from acting as federal tax return preparers and from preparing or filing federal tax returns for others, and from representing others before the IRS;
- D. That the Court, under 26 U.S.C. §§ 7402 and 7407, enter a permanent injunction prohibiting Angulo and Zuloaga and their representatives, agents, servants, employees, attorneys, independent contractors, and anyone in active concert or participation with them, from directly or indirectly:

1. Preparing or filing, or assisting in, or directing the preparation or filing of any

federal tax return or amended return or other related documents or forms for any other person or entity;

2. Giving tax advice or assistance to anyone for compensation;
3. Engaging in activity subject to penalty under 26 U.S.C. §§ 6694 or 6695;
4. Engaging in any other activity subject to penalty under the Internal Revenue Code; and
5. Engaging in other conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws.

E. That this Court, under 26 U.S.C. §§ 7402 and 7408, enter a permanent injunction prohibiting Angulo and Zuloaga and their representatives, agents, servants, employees, and anyone in active concert or participation with them, from directly or indirectly by means of false, deceptive, or misleading commercial speech:

1. Organizing or selling tax shelters, plans or arrangements that advise or assist taxpayers to attempt to evade the assessment or collection of such taxpayers' correct federal tax;
2. Engaging in any other activity subject to penalty under 26 U.S.C. § 6700, including organizing or selling a plan or arrangement and making a statement regarding the excludability of income or any other tax benefit by participating in the plan that they know or have reason to know is false or fraudulent as to any material matter;
3. Engaging in any activity subject to penalty under 26 U.S.C. § 6701; and
4. Directly or indirectly organizing, promoting, marketing, or selling any plan or

arrangement that advises or encourages taxpayers to attempt to violate internal revenue laws or unlawfully evade the assessment or collection of their federal tax liabilities, including promoting, selling, or advocating the use of false Forms 1099 or other false IRS forms based on the false claims that:

- i. Taxpayers can draw on the Treasury of the United States to pay their tax debt or other debts using Forms 1099 or other documents;
- ii. Taxpayers can issue false Forms 1099 to a creditor and report the amount on the false Forms 1099 as income taxes withheld on their behalf, and;
- iii. Taxpayers have a secret account with the Treasury Department which they can use to pay their debts or which they can draw on for refunds through a process that is often called “redemption” or “commercial redemption.”

- F. That this Court, under 26 U.S.C. § 7402, enter a permanent injunction prohibiting Angulo and Zuloaga from preparing their own federal income tax returns claiming false income tax withholding and refunds based on amounts shown in false Forms 1099;
- G. That this Court, under 26 U.S.C. § 7402, enter a permanent injunction prohibiting Angulo and Zuloaga from filing, providing forms for, or otherwise aiding and abetting the filing of frivolous Forms 1040, Forms 1040X, or Forms 1099 for themselves or others, including the notarization or signing of certificates of service or similar documents in connection with the frivolous tax returns;
- H. That this Court, under 26 U.S.C. § 7402, enter an injunction requiring Angulo and

Zuloaga to contact by mail (and also by e-mail, if an e-mail address is known) all persons who have purchased any products, services or advice associated with the fraudulent tax scheme described in this complaint and inform those persons of the Court's findings concerning the falsity of Angulo and Zuloaga's prior representations and attach a copy of the permanent injunction against Angulo and Zuloaga;

- I. That this Court, under 26 U.S.C. § 7402, order Angulo and Zuloaga to provide to the United States a list of all persons who have purchased or paid for any products, services or advice from them in the past three years as part of the fraudulent tax scheme described in the complaint;
- J. That this Court, under 26 U.S.C. § 7402, require Angulo and Zuloaga to provide an accounting to the Court of all funds they received from persons who have purchased any product, service or advice from them in the past three years as part of the fraudulent tax scheme described in the complaint;
- K. That this Court, under 26 U.S.C. § 7402, require Angulo and Zuloaga to account for and disgorge all funds they received from persons who paid them a percentage of a tax refund as part of the fraudulent tax scheme described in the complaint;
- L. That this Court, under 26 U.S.C. § 7402, permit the government to conduct full post-judgment discovery to monitor Angulo and Zuloaga's compliance with the injunction, including their accounting to the Court and disgorgement of all funds from persons who have purchased any products, services or advice from them in the past three years as part of the fraudulent tax scheme, and;

M. That this Court grant the United States such other and further relief as the Court deems just and appropriate.

Dated: December 8, 2011.

Respectfully submitted,

WIFREDO A. FERRER  
United States Attorney

/s/ Jessica S. Reimelt  
JESSICA S. REIMELT  
Maryland Bar  
S.D. Florida bar number A5501517  
Trial Attorney, Tax Division  
U.S. Department of Justice  
Post Office Box 7238  
Ben Franklin Station  
Washington, D.C. 20044  
Telephone: (202) 307-2176  
Fax: (202) 514-6770  
Email: [jessica.s.reimelt@usdoj.gov](mailto:jessica.s.reimelt@usdoj.gov)