

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

United States,	§	
Plaintiff,	§	
	§	
v.	§	Case No. 3:09-CV-0269-D
	§	
Tina Glover Preston et al.,	§	
Defendants.	§	

Permanent Injunction

The clerk having entered a default as to defendant Ethel Washington, the Court makes the following findings of fact and conclusions of law and enters this permanent injunction.

Standards for Injunctive Relief Against Return Preparers

Section 7407 of 26 U.S.C. authorizes a court to enjoin a return-preparer if that person has continually or repeatedly: (1) violated 26 U.S.C. § 6694, which prohibits the preparation or submission of a return containing an unrealistic position, or (3) engaged in any other fraudulent or deceptive conduct substantially interfering with the proper administration of the tax laws.

Section 7408 of 26 U.S.C. authorizes a court to enjoin persons who have engaged in conduct subject to penalty under 26 U.S.C. § 6701, which prohibits the preparation of returns

when the preparer knows the return will result in the understatement of tax liability.

In order to enjoin the conduct described above, three prerequisites must be met: (1) the defendant must be tax preparer; (2) the conduct complained of must fall within one of four areas of proscribed conduct; and (3) the court must find an injunction is appropriate to prevent recurrence of proscribed conduct.

Findings of Fact and Conclusions of Law

Based on the evidence submitted by the United States in its Application for a Temporary Restraining Order, and on defendant Ethel Washington's default, the court makes the following findings of fact and conclusions of law:

1. Ethel Washington is an income tax return preparer as that term is defined by 26 U.S.C. § 7407.
2. Ethel Washington continually and repeatedly prepared federal income tax returns that contained unrealistic positions, including false or inflated Schedule C business losses, in violation of 26 U.S.C. § 6694.
3. Ethel Washington continually and repeatedly prepared federal income tax returns with false or inflated Schedule C business losses that she knew would result in the understatement of tax liability, in violation of 26 U.S.C. § 6701.
4. Ethel Washington has prepared returns with false or inflated Schedule C business losses since 2004 and has already prepared 120 returns with claimed Schedule C

business losses during this tax-filing season, some of which contain false or inflated Schedule C business losses.

5. It is thus likely that absent a permanent injunction, Ethel Washington's unlawful return preparation will recur.

6. Ethel Washington continued to prepare federal tax returns with false or inflated Schedule C business losses after notice that the IRS was examining her return preparation.

7. Because the false items claimed by Ethel Washington cannot be detected without extensive examination of the returns and interviewing customers, a conduct-specific injunction is insufficient to prevent recurrence of Washington's interference with the Internal Revenue Code.

Based on the findings of fact and conclusions of law above, this Court concludes that a permanent injunction is appropriate to prevent recurrence of the proscribed conduct discussed above.

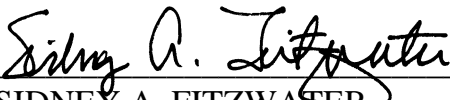
THEREFORE, the Court ORDERS that Ethel Washington, her agents, servants, employees, independent contractors, and those persons in active concert or participation with her who receive actual notice of this Order are permanently restrained and enjoined from:

1. Preparing or filing, or assisting in the preparation or filing, of any federal tax return, amended return, or claim for refund, for any other person or entity;
2. Engaging in conduct subject to penalty under 26 U.S.C. § 6694, including preparing tax returns or claims for refund for others that include false or inflated Schedule C business losses;
3. Engaging in conduct subject to penalty under 26 U.S.C. § 6701, including preparing or assisting in the preparation of a document related to a matter material to the internal revenue laws that includes a position that they know will (if so used) result in an understatement of another person's tax liability, including preparing returns with false or inflated Schedule C business losses;
4. Engaging in any conduct that interferes with the proper administration and enforcement of the internal revenue laws, including preparing returns for others with false or inflated Schedule C business losses;
5. Instructing, advising, or assisting taxpayers to understate their federal income tax liabilities;
6. Misrepresenting any of the terms of this Order.

Pursuant to Fed. R. Civ. P. 54(b), the court expressly determines that there is no just reason for delay and directs the clerk of court to enter this as a final judgment.

SO ORDERED.

May 7, 2009.



SIDNEY A. FITZWATER
CHIEF JUDGE