

**IN THE UNITED STATES DISTRICT COURT FOR THE
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	Case No. 6:14-cv-1535-Orl-22TBS
v.)	
)	
DEMETRIUS SCOTT, individually and)	
d/b/a LBS TAX SERVICES,)	
NEIGHBORHOOD TAX PROS, LLC, and)	
TAX GIANT, LLC,)	
)	
Defendant.)	

**JUDGMENT AND ORDER OF PERMANENT INJUNCTION AND DISGORGEMENT
AGAINST DEMETRIUS SCOTT**

Before the Court is a Stipulation for Entry of Judgment and Order of Permanent Injunction and Disgorgement against Demetrius Scott. The stipulation has been submitted by the United States and Demetrius Scott in accordance with the terms of the parties' settlement which terms were memorialized by letter on February 16, 2016, and agreed to on April 26, 2016. The Court enters this judgment and order of permanent injunction and disgorgement in accordance with the stipulation.

The United States has filed a complaint in which it seeks a permanent injunction under 26 U.S.C. §§ 7402, 7407, and 7408 against Demetrius Scott, individually and doing business as LBS Tax Services, Neighborhood Tax Pros, LLC, and Tax Giant, LLC. The United States alleges, in part, that Demetrius Scott has continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. §§ 6694, 6695, and 6701, and conduct that interferes with the administration of the internal revenue laws.

Demetrius Scott has waived the entry of findings of fact and conclusions of law under Rules 52 and 65 of the Federal Rules of Civil Procedure, consented to the entry of the attached Judgment and Order of Permanent Injunction and Disgorgement, and agreed to be bound by its terms. No provision in this judgment and order or the fact that Demetrius Scott has agreed to it constitutes an admission by him of any of the allegations set forth by the United States in the foregoing paragraph or in the United States' complaint. This judgment and order constitutes the final judgment against him in this civil action, and he has waived his right to appeal.

This judgment and order resolves only this civil injunction action, and neither precludes the government from pursuing any other current or future civil or criminal matters or proceedings, nor precludes Demetrius Scott from contesting his liability or guilt in any other matter or proceeding. The Court retains jurisdiction over this matter for the purpose of implementing and enforcing the Judgment and Order of Permanent Injunction and Disgorgement and, if Scott violates it, he may be subject to civil and criminal sanctions for contempt of court.

Based on the foregoing and the stipulation filed by the parties, the Court now **ORDERS** that:

A. Demetrius Scott, and all those in active concert or participation with him, are permanently enjoined from:

- (1) acting as a federal tax return preparer or requesting, assisting in, or directing the preparation or filing of federal tax returns, amended returns, or other related documents or forms for any person or entity other than himself;
- (2) preparing or assisting in preparing federal tax returns that he knows or reasonably should have known would result in an understatement of tax liability or the overstatement of federal tax refund(s) as penalized by I.R.C. § 6694;
- (3) owning, operating, managing, working in, investing in, providing capital or loans to, receiving fees or remuneration from, controlling, licensing, consulting with, or franchising a tax return preparation business;

- (4) training, instructing, teaching, and creating or providing cheat sheets, memoranda, directions, instructions, or manuals, pertaining to the preparation of federal tax returns;
- (5) engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6695, 6701, or any other penalty provision in the I.R.C.;
- (6) maintaining, assigning, holding, using, or obtaining a Preparer Tax Identification Number (PTIN) or an Electronic Filing Identification Number (EFIN); and
- (7) engaging in any conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws.

B. Demetrius Scott must permanently close all tax return preparation stores that he owns directly or through Tax Giant, LLC, or any other entity, whether those stores do business as LBS Tax Services, Tax Giant, LLC, or under any other name, and shall not thereafter re-open any tax return preparation store(s) or open any new tax return preparation store(s);

C. Demetrius Scott is prohibited, either directly or through Tax Giant, LLC or any other entity, from assigning, transferring, or selling any franchise agreement, independent contractor agreement, or employment contract related to LBS Tax Services, Tax Giant, LLC, or any other tax return preparation business to which he or any entity under his control is a party;

D. Demetrius Scott is barred from: (1) selling to any individual or entity a list of customers or any other information pertaining to customers for whom Scott, LBS Tax Services, Tax Giant, LLC, or any other business or name through which Scott or those acting at his direction have at any time since 2010 prepared a tax return; (2) assigning, disseminating, providing, or giving to any current or former franchisee, General Sales Manager, District Sales Manager, manager, tax return preparer, employee, or independent contractor of Scott, LBS Tax Services, Tax Giant, or any other business through which Scott prepares tax returns or owns or franchises a tax return preparation business, a list of customers or any other information pertaining to customers for whom Scott, LBS Tax Services, Tax Giant, or any other business or name through which Scott

or those acting at his direction have at any time since 2010 prepared a tax return; and (3) selling to any individual or entity any proprietary information pertaining to LBS Tax Services, Tax Giant, or any other business or name through which Scott or those acting at his direction have at any time since 2010 prepared a tax return;

E. Within 45 days of the Court's Order, Demetrius Scott shall either:

1. pay for the publication of a copy of the order of permanent injunction for three consecutive days in a newspaper of general circulation in every city where Demetrius Scott owned or operated a tax return preparation store since 2010, or
2. contact by United States mail or, if an e-mail address is known, by e-mail, all persons for whom Demetrius Scott, LBS Tax Services stores owned or managed by Scott, or Tax Giant prepared federal tax returns or claims for a refund for tax years 2010 through the present to inform them of the permanent injunction entered against him, including sending a copy of the order of permanent injunction but not enclosing any other documents or enclosures unless agreed to by counsel for the United States or approved by the Court;

F. Demetrius Scott shall produce to counsel for the United States, within 30 days of the Court's order, a list that identifies by name, social security number, address, e-mail address, and telephone number and tax period(s) all persons for whom Scott, LBS Tax Services stores owned or managed by Scott, Neighborhood Tax Pros, LLC, and Tax Giant, LLC prepared federal tax returns or claims for a refund for tax years beginning in 2010 and continuing through this litigation. To the extent that Scott has produced this information to the United States in discovery in this case, he does not need to produce it again;

G. Demetrius Scott shall produce to counsel for the United States, within 30 days of the Court's order, a list that identifies by name, address, e-mail address, and telephone number all principals, officers, managers, franchisees, employees, and independent contractors of Scott, LBS Tax Services stores owned or managed by Scott, Neighborhood Tax Pros, LLC, and Tax Giant,

LLC, from 2010 to the present. To the extent that Scott has produced this information to the United States in discovery in this case, he does not need to produce it again;

H. Demetrius Scott shall provide a copy of the Court's order, by email or other means, to all principals, officers, managers, franchisees, employees from January 1, 2014 to April 15, 2015, and independent contractors of Scott, Neighborhood Tax Pros, LLC, and Tax Giant, LLC, within 45 days of the Court's order, and provide to counsel for the United States within 60 days a list identifying the principals, officers, managers, franchisees, employees, and independent contractors to whom Demetrius Scott provided a copy of the Court's order;

I. The Court shall retain jurisdiction over Demetrius Scott and over this action to enforce the Order and Judgment of Permanent Injunction and Disgorgement entered against him;

J. The United States shall be entitled to conduct discovery, subject to Demetrius Scott's constitutional rights, to monitor Demetrius Scott's compliance with the terms of the permanent injunction entered against him,

IT IS FURTHER ORDERED that:

Judgment is entered in favor of the United States and against Demetrius Scott in the amount of \$1,000,000, plus interest at a rate determined under 26 U.S.C. § 6621(a)(2), for the disgorgement of the proceeds that Demetrius Scott received for the preparation of tax returns making or reporting false or fraudulent claims, deductions, credits, income, expenses, or other information resulting in the understatement of taxes.

The clerk shall enter judgment accordingly.

DONE and **ORDERED** in Chambers, in Orlando, Florida on June 17, 2016.


ANNE C. CONWAY
United States District Judge

Copies furnished to:

Counsel of Record
Unrepresented Parties