

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

-vs-

Case No. 6:10-cv-440-Orl-18GJK

**ELISA VERONICA BARRON,
LANCASTER TAX SERVICE, INC.,**

Defendants.

ORDER AND PERMANENT INJUNCTION

THIS CAUSE comes for consideration on Plaintiff the United States of America's Motion for Entry of Default Judgment and Permanent Injunction. (Doc. 9, filed June 17, 2010).

Defendants did not respond. Judge Gregory J. Kelly issued a Report and Recommendation on the Motion (Doc. 10, filed Aug. 27, 2010) and the United States filed an Objection to the Report (Doc. 11, filed Sept. 7, 2010).

Upon consideration of the Motion, the Report and Recommendation, the Objection, and the Clerk's entry of default (Doc. 8, filed May 11, 2010) against Defendants Elisa Veronica Barron ("Barron") and Lancaster Tax Service, Inc. ("Lancaster Tax"), the Court makes the following findings of fact and conclusions of law:

(1) Barron and Lancaster Tax have failed to plead or otherwise defend this action. The Court deems both Barron and Lancaster Tax to have admitted the allegations in the United States' Complaint.

(2) Facts deemed admitted in the Complaint and presented in the Declaration of Linda Cavanaugh (Doc. 9-2, filed June 17, 2010) clearly show that Barron, through Lancaster Tax, has been acting as a tax return preparer in Orlando, Florida. She is neither a public accountant nor a lawyer and has no professional licenses or college degrees. Barron was born in 1971. She is not an infant, incompetent person, or on active duty with the U.S. armed services.

(3) Barron earned her GED (high school diploma equivalency) in the early 1990s and had a variety of entry level jobs prior to participating in a two-week income tax preparation course in 1998 offered by Humberto Collazo. After the course, she began working for Collazo as an income tax preparer in Orlando, Florida. In 2000, Collazo opened a second location for his business and asked Barron to manage that office. In 2002, Barron purchased the business she managed for Collazo and renamed it Lancaster Tax Service, Inc. Barron prepares tax returns for customers residing in Florida, mainly in Orange County, Florida.

(4) Facts deemed admitted in the Complaint and presented in the Declaration of Linda Cavanaugh clearly show that Barron has repeatedly prepared returns that overstate deductions or credits and has misrepresented her customers' filing status in order to reduce their tax liabilities or increase their refunds.

(5) Facts deemed admitted in the Complaint and presented in the Declaration of Linda Cavanaugh clearly show that Barron has repeatedly prepared returns for taxpayers in which she has failed to be diligent in determining the taxpayer's eligibility for the credit under 26 U.S.C. § 32, the Earned Income Tax Credit ("EIC").

(6) Barron's actions cause harm to the United States and to the public by unlawfully understating her customers' tax liabilities.

(7) The Court has authority to grant injunctive relief under 26 U.S.C. § 7407 if a tax return preparer has engaged in conduct subject to penalty under 26 U.S.C. §§ 6694 or 6695, and if the injunctive relief is appropriate to prevent the recurrence of that conduct. The Court must also find that a narrower injunction prohibiting only specific misconduct would be insufficient.

(8) The facts in this case establish that Barron engaged in conduct that repeatedly violated 26 U.S.C. §§ 6694 and 6695, and that an injunction under § 7407 enjoining Barron from acting as a tax return preparer is necessary to prevent Barron's interference with the proper administration of the internal revenue laws.

(9) The record reveals that Barron has regularly engaged in conduct subject to penalty under 26 U.S.C. § 6694(a) by preparing income tax returns that unlawfully reduced her customers' reported income by claiming unsubstantiated and fraudulent deductions and credits. Barron routinely misrepresents her customers' filing status and the number of their dependents to allow them to improperly claim the EIC. Moreover, Barron commonly prepares returns that claim deductions for unsubstantiated and fraudulent expenses, such as medical expenses, personal cell phone usage, and non-uniform clothing. Barron did so knowing or having reason to know that the positions she took on the returns were unreasonable and lacked substantial authority. Barron has thus engaged in conduct subject to penalty under 26 U.S.C. § 6694(a).

(10) The United States has also demonstrated that Barron prepares returns with false entries in a willful attempt to understate the customer's liability or with reckless and intentional

disregard of rules and regulations. Barron has thus engaged in conduct subject to penalty under 26 U.S.C. § 6694(b).

(11) Barron knew, or had reason to know, that information she used in determining her customers' eligibility for, or the amount of, the EIC was incorrect. Barron failed to make reasonable inquiries regarding information that appeared to be incorrect, inconsistent or incomplete. Barron has thus engaged in conduct subject to penalty under 26 U.S.C. § 6695(g).

(12) The United States has demonstrated that Barron has continually and repeatedly engaged in conduct that violates 26 U.S.C. §§ 6694 and 6695(g). An injunction merely prohibiting Barron from engaging in conduct subject to penalty under 26 U.S.C. §§ 6694 and 6695(g) would not be sufficient to prevent her interference with the proper administration of the tax laws. Accordingly, only a permanent injunction is sufficient to prevent future harm.

(13) In addition to such injunctive relief, 26 U.S.C. § 7402 authorizes a court to issue orders of injunction as may be necessary or appropriate for the enforcement of the internal revenue laws.

(14) The Court finds that Barron has engaged in conduct that substantially interferes with the enforcement of the internal revenue laws.

(15) The Court finds that Barron's conduct causes irreparable harm to her customers and the United States.

(16) Thus, the United States is entitled to injunctive relief under 26 U.S.C. §§ 7402 and 7407.

Based on the foregoing factual findings and for good cause shown, entry of default judgment and a permanent injunction is appropriate. Therefore, it is **ORDERED** and **ADJUDGED** as follows:

1. The United States' Motion for Entry of Default Judgment and Permanent Injunction (Doc. 9) is **GRANTED**.

2. Judgment is entered in favor of the United States and against Defendants Elisa Veronica Barron and Lancaster Tax Service, Inc.

3. Barron continually and repeatedly engaged in conduct subject to penalty under 26 U.S.C. §§ 6694 and 6695(g), and, pursuant to 26 U.S.C. § 7407, an injunction prohibiting such conduct would not be sufficient to prevent Barron's interference with the proper administration of the tax laws and Barron should be permanently enjoined from acting as a tax return preparer.

4. Barron is interfering with the enforcement of the internal revenue laws and injunctive relief is appropriate to prevent the recurrence of that conduct pursuant to 26 U.S.C. § 7402(a) and the Court's inherent equity powers.

5. Barron, individually and doing business under the name Lancaster Tax Service, Inc. or under any other name or using any other entity, and her representatives, agents, servants, employees, attorneys, and all persons in active concert or participation with her, are permanently enjoined from, directly or indirectly, the following:

- i. Preparing, filing or assisting in the preparation or filing of any federal tax return for any other person or entity;

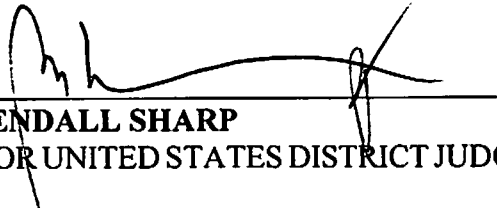
- ii. Providing any tax advice or tax services for compensation, including preparing or filing returns, providing consultative services, or representing customers in connection with any matter before the Internal Revenue Service;
- iii. Engaging in conduct subject to penalty under 26 U.S.C. §§ 6694 or 6695(g); or
- iv. Engaging in any conduct that interferes with the proper administration and enforcement of the internal revenue laws through the preparation or filing of false tax returns.

6. Barron, at her own expense, shall send by certified mail, return receipt requested, a copy of the final injunction entered against her in this action to each person for whom she, or anyone at her direction or in her employ, prepared federal income tax returns or any other federal tax forms after January 1, 2005.

7. Barron, within thirty (30) days of entry of this order, shall file a sworn statement with the Court evidencing her compliance with the foregoing directives.

8. The Clerk of Court is directed to **CLOSE** the case.

DONE and ORDERED in Orlando, Florida on this 10 day of September, 2010.



G. KENDALL SHARP
SENIOR UNITED STATES DISTRICT JUDGE

Copies furnished to:
Counsel of Record
Unrepresented Parties