

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

UNITED STATES OF AMERICA, §
§
Plaintiff, §
§
v. §
§
UMBRELLA FINANCIAL §
SERVICES, LLC D.B.A. UMBRELLA §
FINANCIAL SERVICES TAX §
SOLUTIONS GROUP / D.B.A. 780 §
CREDIT CONNECTIONS / D.B.A. §
INTEGRITY TAX SERVICES; KEVIN §
MURPHY; AND ASHLEY §
DIONDRIA FISHER, §
§
Defendants. §

Case Number: 3:22-CV-2759-D

**STIPULATED ORDER OF
PERMANENT INJUNCTION AND FINAL JUDGMENT UMBRELLA
FINANCIAL SERVICES, LLC AND KEVIN MURPHY**

Pending is a Joint Motion for Permanent Injunction, which asks the Court to enter a permanent injunction against Defendants Umbrella Financial Services, LLC and Kevin Murphy (the Umbrella Defendants) under 26 U.S.C. §§ 7402, 7407, and 7408, and the traditional factors for injunctive relief. *Robinson v. Ardoin*, 86 F.4th 574, 587 (5th Cir. 2023). After careful consideration of the motion, record, and applicable law, the Court finds that entry of an agreed permanent injunction against the Umbrella Defendants is appropriate. FED. R. CIV. PROC. 65(d)(1)(A). The Court further finds that this Stipulated Order of Permanent Injunction and Final Judgment constitutes a final judgment and resolves all remaining issues as to all remaining

parties to this case. The Joint Motion is therefore **GRANTED** as to the Umbrella Defendants, with their agreement, as follows:

1. The United States filed a complaint alleging that the Umbrella Defendants trafficked Electronic Filing Identification Numbers (EFINs) to users to whom the Internal Revenue Service did not assign such EFINs, among other unlawful tax-preparation activities.

2. The Umbrella Defendants admit the Court has jurisdiction over them and over the subject matter of this action.

3. The Umbrella Defendants waive entry of findings of fact and conclusions of law under Federal Rule of Civil Procedure 52 and 26 U.S.C. §§ 7402, 7407, and 7408.

4. The Umbrella Defendants voluntarily enter into this Stipulated Order of Permanent Injunction and Final Judgment. However, the Umbrella Defendants are not admitting the factual allegations in the United States' complaint and assert no admission of guilt or liability.

5. The Umbrella Defendants waive any right they may have to appeal from this Stipulated Order of Permanent Injunction and Final Judgment.

6. The Umbrella Defendants acknowledge that entry of this Stipulated Order of Permanent Injunction and Final Judgment neither precludes liability (e.g., the assessment of taxes, interest, or penalties) against them for asserted violations of the Internal Revenue Code, nor precludes the Umbrella Defendants from contesting

any such liability other than as to the amount of disgorgement provided for within this order and judgment.

7. The Umbrella Defendants consent and agree to disgorge \$141,592 as resolution of the disgorgement claim in this suit.

8. The Umbrella Defendants agree and consent, without further proceedings, to the immediate revocation of any Preparer Tax Identification Number (PTIN) that is held by, or assigned to, either of them pursuant to 26 U.S.C. § 6109.

9. The Umbrella Defendants consent to entry of this Stipulated Order of Permanent Injunction and Final Judgment without further notice and agree the Court shall retain jurisdiction over them for the purpose of implementing and enforcing this Stipulated Order of Permanent Injunction and Final Judgment.

10. The Umbrella Defendants understand that if they violate this Stipulated Order of Permanent Injunction and Final Judgment, the Court may find them in contempt and issue sanctions accordingly.

11. Entry of this Stipulated Order of Permanent Injunction and Final Judgment fully resolves only this civil action as set forth in the United States' complaint, and neither precludes the United States from pursuing any other current or future civil or criminal matter or proceeding nor precludes Umbrella Defendants from contesting their guilt or liability in any such future proceedings, and the Umbrella Defendants expressly reserve all defenses and or counterclaims in any other future matter or proceeding.

Accordingly, IT IS ORDERED THAT:

12. The Court has jurisdiction over this action under 28 U.S.C. §§ 1340 and 1345 and under 26 U.S.C. §§ 7402, 7407 and 7408.

13. The Umbrella Defendants consent to entry of this Stipulated Order of Permanent Injunction and Final Judgment and agree to be bound by its terms.

14. The Umbrella Defendants shall disgorge \$141,592 to the United States.

15. The Umbrella Defendants, and anyone acting in concert or participation with them, including any entity through which the Umbrella Defendants conduct tax software business, are enjoined, effective today, through **January 31, 2025**, pursuant to Internal Revenue Code (26 U.S.C.) §§ 7402, 7407, and 7408, and the traditional factors for injunctive relief, from:

- a. Preparing, assisting in the preparation of, directing the preparation of, providing training for, or being compensated for the preparation of federal income tax returns, amended returns, or other tax-related documents or forms, for any entity or person other than themselves and Kevin Murphy's spouse or children (except as indicated in paragraph (b) below only through the 2023 tax filing season as outlined in 15.c-q);
- b. Providing professional tax software to others unless the Umbrella Defendants provide the professional tax software:
- c. On a monthly subscription basis only;
- d. Only to Electronic Return Originators (EROs) who hold EFINs issued to the ERO(s) by the Internal Revenue Service. To the extent the Umbrella Defendants provide the software to a user who has not yet obtained any EFIN from the IRS, the Umbrella Defendants shall ensure that the user obtains an EFIN issued to the user by the IRS before the user files any tax return electronically using the software, or else cancel the user's subscription within 60-days from the date that the Umbrella Defendants provided the software;
- e. Without supplying or providing an EFIN to the professional tax software subscriber; and

- f. Not to Kevin Murphy Jr. or to any of the individuals listed in **Appendix A**.
 - i. An ERO, as defined by the IRS, and whose definition the Court adopts for this order, is “the Authorized e-file Provider who originates the electronic submission of a return to the IRS;”
 - ii. To the extent the Umbrella Defendants provide professional tax software as contemplated by this paragraph (b), then it is not necessarily a violation of this order if the Umbrella Defendants are compensated for providing such software if the Umbrella Defendants:
 - 1. Receive payment directly from any ERO for a monthly subscription to the professional tax software. Any monthly subscription provided to any ERO shall not be contingent on any amount of tax returns that receive a tax refund;
 - 2. Receive payment directly for e-filing processing and other related fees paid by the professional tax software company and/or the company’s distributor;
 - 3. Receive payment for fees paid by any bank with whom the Umbrella Defendants have partnered based on the volume of bank product returns filed by any ERO holding a subscription to the professional tax software.
- g. Maintaining trust bank accounts for the subscribers of the professional tax software that the Umbrella Defendants provide to others;
- h. Offering audit representation services to EROs;
- i. Offering legal assistance to EROs;
- j. Profiting from accounting, payroll or reconciliation services that professionals provide to EROs, including assistance provided by Edwin Njiru or by his CPA firm directly to any ERO;
- k. Knowingly working with, partnering with, hiring, or consulting with individuals listed in **Appendix A**.
- l. If the United States moves to amend this order to add individuals (but not Kevin Murphy Jr.) to **Appendix A**, the Umbrella Defendants shall not oppose such motion;

- m. The Umbrella Defendants shall cease advertising, including in their webpages, content promoting tax preparation software services whose promotion is enjoined by this Order;
 - n. The Umbrella Defendants shall notify (1) each new tax software subscriber within thirty days of signing a subscriber agreement; and (2) each returning subscriber within thirty days of their return but no later than December 31, 2024, that the subscriber must issue an informational return or Form 1099 to the Umbrella Defendants, if the subscriber are required to do so under 26 U.S.C. § 6041, and the Umbrella Defendants shall provide to each subscriber a Form W-9 with the Umbrella Defendants' information;
 - o. The Umbrella Defendants shall provide a listing of active subscribers and their EFINs to Counsel for the United States, on the first business day of each month;
 - p. The Umbrella Defendants shall keep any records of their compliance with this order, which may be produced to the Court, if requested, or to the United States;
 - q. The United States may monitor the Umbrella Defendants' compliance with this order;
16. The prohibitions reflected in paragraph 15 of this order shall remain in full force and effect through **January 31, 2025**.
17. The Umbrella Defendants, their agents, servants, employees, and anyone in active concert or participation with them, are further permanently enjoined as of February 1, 2025, under 26 U.S.C. §§ 7402, 7407 and 7408 from, directly or indirectly:
- a. Preparing, assisting in the preparation of, or directing the preparation of federal tax returns, amended returns, or other tax-related documents or forms, including any electronically submitted tax returns or tax-related documents, for any entity or person other than themselves or Kevin Murphy's spouse or children;
 - b. Filing, assisting in the filing of, or directing the filing of federal tax returns, amended returns, or other tax-related documents or forms,

including any electronically submitted tax returns or tax-related documents, for any entity or person other than themselves;


- c. Owning, operating, managing, assisting, investing in, receiving fees or remuneration from, controlling, licensing, consulting with, franchising, or working at a business that prepares or assists in the preparation of tax returns, amended returns, or other tax-related documents or forms, including any electronically submitted tax returns or tax-related documents;
- d. Training, advising, counselling, instructing, teaching, or creating or providing anyone with cheat sheets, memoranda, directions, instructions, or manuals pertaining to the preparation of federal tax returns;
- e. Engaging in any other activity subject to penalty under 26 U.S.C. §§ 6694, 6695, 6701, or any other penalty provision in the Internal Revenue Code;
- f. Maintaining, holding, using, obtaining, assigning, transferring, leasing, selling, or providing in any way to any individual or entity: (1) a personal or business PTIN; (2) a personal or business EFIN; (3) any other federally issued identification number(s) to prepare or file federal income tax returns; (4) a list of customers or any other customer information; or (5) any proprietary information pertaining to their tax preparation or tax software licensing/selling businesses;
- g. Referring any person to a tax preparation firm or to a tax return preparer, or otherwise suggesting that a taxpayer use any given tax preparation firm or tax return preparer;
- h. Providing office space, equipment, software, or services for, or in any other way facilitating, the work of any person or entity that is in the business of preparing or filing federal tax returns or other federal tax documents or forms for others or representing persons before the Internal Revenue Service;
- i. Advertising tax return preparation services through any medium, including print, online, and social media;
- j. Working in the same office or office suite that also contains any part of a business whose activity at that office or office suite is to file, prepare, advise, or assist in the preparation of documents relating to a matter material to the internal revenue laws, including federal tax returns, amended federal tax returns and related documents, for any person for compensation;

- k. Engaging in any conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws; and
 - l. Opening, applying for, maintaining, or having signature authority over a bank account that receives funds from Santa Barbara Tax Products Group, LLC or from an equivalent tax refund processing service, unless the funds are any of the Umbrella Defendant's own tax refund.
18. The Umbrella Defendants shall:
- a. Within 45 days of the Court's order mail, at their own expense, by first class U.S. mail, and, if an email address is known also by email, to all employees or independent contractors that the Umbrella Defendants or their businesses have had since January 2021, a copy of the order of permanent injunction, with no other enclosures, unless the enclosure(s) is approved by the Department of Justice;
 - b. Post on all social media accounts and also on websites used to advertise their tax preparation services, if any: "Umbrella Financial Services LLC and Kevin Murphy have been permanently enjoined from preparing federal income tax returns by the United States District Court for the Northern District of Texas";
 - c. Surrender to the Secretary of the Treasury or her delegate, if any, all PTINs held by, assigned to, or used by them pursuant to 26 U.S.C. § 6109, as well as any EFINs held by, assigned to, or used by them, and the IRS is authorized to cancel any such PTIN or EFIN;
 - d. Be prohibited from applying for, and from directing others to apply for, an EFIN or a PTIN;
 - e. Within 60 days of the Court's order, to file a declaration, signed under penalty of perjury, confirming that they have received a copy of the Court's order and have timely complied with the terms described in paragraphs 18(a), and 18(b), of this Order;
 - f. Keep records of their compliance with the foregoing directives, which may be required to be produced to the Court, if requested, or to the United States;
19. The Court shall retain jurisdiction to enforce this Stipulated Order of Permanent Injunction and Final Judgment, and the United States is permitted to

engage in post judgment discovery in accordance with the Federal Rules of Civil Procedure to ensure compliance with the terms set forth here.

SO ORDERED.

June 26, 2024



SIDNEY A. FITZWATER
SENIOR U.S. DISTRICT JUDGE

APPENDIX A

1. Ashley Fisher
2. Jennifer Murley
3. Johnathan Perry
4. Jermaine Henderson
5. Monterio McLaughlin
6. Norman Williams
7. Jamie McCaskill
8. Derrick Williams
9. Derrick Foster
10. Khrystal Joiner
11. Ashley Willis
12. Clemons Collins
13. Daryl Evans
14. Trenique Baugh
15. Carmen Palacios
16. Richard Silfies
17. Sugey Sanchez
18. Eyda Silfies
19. Tahirim Alegria
20. Dominique Riggins
21. Amanda Rodriguez
22. Bridgette Ragland
23. Kerrick Greer
24. Courtney Smith
25. Francisco Herrera

Agreed as to form and substance:

/s/ Christian A. Orozco

Christian A. Orozco

Texas Bar #: 24107886

Ignacio Perez De La Cruz

Massachusetts Bar #: 672618

Eduardo R. Mendoza

Texas Bar #: 24096680

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