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***Eight Lawsuits Filed Across Florida Seek an Order Permanently Closing 192 Loan Buy Sell (LBS) Tax Services Stores Owned and Operated by the Defendants***

WASHINGTON – The United States filed eight civil injunction suits in Florida to bar Walner G. Gachette, the founder of Orlando-based tax preparation company LBS Tax Services, seven LBS Tax Services franchisees, and three LBS Tax Services managers from owning, operating, or franchising a tax return preparation business and preparing tax returns for others, the Justice Department announced today.

The seven franchisees and three managers sued are Douglas Mesadieu, Jean R. Demesmin, Kerny Pierre-Louis, Demetrius Scott, Jason Stinson, Wilfrid Antoine, Jacqueline Nunez, Tonya Chambers, Jehoakim Victor and Lauri Rodriguez.

According to the complaints, in 2013, LBS Tax Services operated at least 239 stores (192 owned by the named defendants) in Florida, North Carolina, South Carolina, Georgia, Texas, Tennessee, Alabama and Mississippi. The government also asserts that LBS Tax Services prepared more than 55,000 federal income tax returns in 2013. The complaints allege that, in 2014, some of the defendants' LBS Tax Services stores began doing business using the names Milestone Tax Services, Tax Giant, AWA Tax, Tax Master Xpress, BPTS Tax Services and Nation Tax Services.

"The public should be able to rely on federal income tax preparers to prepare honest and complete returns," said Deputy Assistant Attorney General David A. Hubbert for the Justice Department's Tax Division. "The Internal Revenue Service and the Department of Justice have made it a priority to sue and enjoin tax return preparers who prepare fraudulent returns."

The suits allege that the defendants target primarily low-income customers with deceptive and misleading advertisements, prepared and filed fraudulent tax returns to falsely increase their customers' refunds and profit through unconscionable and exorbitant fees - all at the expense of their customers and the U.S. Treasury. One case highlighted in the complaints erroneously suggests that potential customers will receive a tax refund of more than \$3,000 "per child."

According to the complaints, the defendants directed return preparers for LBS Tax Services to, among other things:

- Falsely claim or increase the amount of the Earned Income Tax Credit;
- Claim improper filing status (i.e., head of household for married individuals);
- Fabricate businesses and related business income and expenses;
- Fabricate Schedule A deductions, particularly for unreimbursed employee business expenses; and
- Charge deceptive and unconscionable fees.

Among the many examples cited in the eight complaints are:

A customer in Tampa, Florida, was allegedly waiting at a bus station when he was approached by an LBS Tax Services employee, who offered to drive the customer to an LBS Tax Services store to have his tax return prepared. According to the complaint, despite knowing that the customer did not have a car, LBS Tax Services reported on the customer's tax return that he had driven his personal vehicle 30,256 miles for business purposes, resulting in a bogus \$17,589 unreimbursed employee business expense claimed on the customer's tax return.

A customer was allegedly approached at a flea market by an LBS Tax Services preparer who told her that she had to file a tax return, showed her a badge, and said that he was a police officer and would not do anything that was wrong. That preparer allegedly prepared the customer's tax return, on which the preparer falsely claimed that the customer had more than \$10,000 in income in order to claim an Earned Income Tax Credit and bogus refund.

Another customer in Houston, Texas, won \$250,000 in the lottery in 2012. The LBS Tax Services preparer allegedly claimed several phony deductions to offset that income, including \$30,141 in charitable contributions and \$10,279 in unreimbursed employee business expenses. The customer's tax return allegedly claimed a bogus refund in the amount of \$8,247.

On the tax return of one Jacksonville, Florida customer, LBS Tax Services allegedly reported that the customer had a mechanic business through which he earned income, when he did not. Allegedly, the customer did not work in 2012, and when he applied for social security disability benefits in 2013, he was denied because based on the income that LBS Tax Services falsely reported on his tax return, he had shown an ability to work.

"Tax return preparers play an important and integral role in our tax system," said IRS Deputy Commissioner for Services and Enforcement John M. Dalrymple. "The IRS and Justice Department are committed to protecting taxpayers and pursuing return preparers engaged in fraud. We encourage taxpayers to carefully select their tax preparer and be careful about misleading promises about refunds."

According to the complaints, the IRS estimates that the tax loss from the defendants' stores for the 2012 tax year alone is in the tens of millions of dollars. The complaints also requests that the court order the defendants to disgorge the fees that they obtained through their alleged fraudulent tax return preparation.

Return preparer fraud is one of the IRS' [Dirty Dozen Tax Scams for 2014](#). The IRS has some tips [on their website](#) for choosing a tax preparer. In the past decade, the Tax Division has obtained injunctions against hundreds of unscrupulous tax preparers. Information about these cases is available on the Justice Department [website](#). An alphabetical listing of persons enjoined from preparing returns and promoting tax schemes can be found on [this page](#). If you believe that one of the enjoined persons or businesses may be violating an injunction, please contact the [Tax Division](#) with details.