

**IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION**

UNITED STATES OF AMERICA

PLAINTIFF

v.

NO. 4:11CV00083 JLH

BETTY J. FOSTER, individually, and d/b/a
FOSTERS INCOME TAX SERVICE

DEFENDANT

**AMENDED ORDER DIRECTING BETTY J. FOSTER
TO APPEAR AND SHOW CAUSE AS TO WHY
SHE SHOULD NOT BE HELD IN CRIMINAL CONTEMPT OF COURT**

The United States of America has filed a motion requesting that the Court issue an Order directing Betty J. Foster to appear and show cause as to why she should not be held in contempt of court. That motion is GRANTED. Document #40.

The Court hereby gives notice to Betty J. Foster, individually, and d/b/a Foster's Income Tax Service, that a criminal contempt trial against her will begin at 9:30 a.m. on Wednesday, April 16, 2014, in Courtroom #4D of the Richard Sheppard Arnold United States Courthouse, 500 West Capitol Avenue, Little Rock, Arkansas. Betty J. Foster, individually, and d/b/a Foster's Income Tax Service, must appear at that trial.

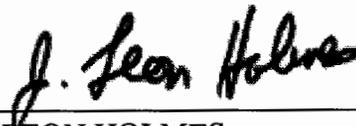
The allegations of criminal contempt are based on the Declaration of IRS Revenue Agent Phillip Rampey and Declaration of IRS Special Agent Camilia Jones. Both of those declarations are attached to this Order and incorporated herein as stating the essential facts constituting the charged criminal contempt.

The Court gives notice to Betty J. Foster that if the United States proves beyond a reasonable doubt that she is guilty of criminal contempt, the Court may impose a sentence of imprisonment up to six months. The Court further gives notice to Betty J. Foster that she has the right to be

represented by counsel at the criminal contempt trial, should she choose to retain counsel to represent her. (The Court encourages Foster to obtain counsel but does not require that she do so.)

The Court directs the United States Marshals Service to serve a copy of this Order on Betty J. Foster, individually, and d/b/a Foster's Income Tax Service, 4864 Highway 90, Knobel, Arkansas 72435, and when service has been accomplished, to file an affidavit of service stating the date, time, place, and manner in which Foster was served with this Order.

IT IS SO ORDERED this 21st day of February, 2014.



J. LEON HOLMES
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
BETTY J. FOSTER, individually, and d/b/a)
FOSTERS INCOME TAX SERVICE,)
)
Defendant.)

No. 4:11-CV-83 JLH

DECLARATION OF IRS REVENUE AGENT PHILLIP RAMPEY

1. I am a Revenue Agent employed by the Internal Revenue Service in Jonesboro, Arkansas.

2. In the course of my official duties as an IRS Revenue Agent, I was assigned to investigate Betty J. Foster to determine if she violated the terms of the this Court's Permanent Injunction.

3. The following declaration is submitted in support of the Motion to Show Cause filed by the United States of America. This declaration is based on personal knowledge and sets forth facts establishing that Foster has prepared federal income tax returns for Robin Clayton, Lyman Dawson, Jacqueline Dollar, Larry Edwards, Walter Hall, Sarah Lack, Windell Matheney, Jackie Pipkin, Michael Tharp, Michael White, Sherry Wilson, and Ivan Wood, among others, in violation of this Court's Stipulated Order of Permanent Injunction dated February 8, 2011.

4. On April 24, 2012, I interviewed Robin Clayton by telephone. Clayton reported that Foster prepared her 2010 and 2011 tax returns. Foster prepared the 2010 return in September 2011, following receipt of an extension, and 2011 return in April 2012. Foster prepared both returns at her home office in Knobel, Arkansas in Clayton's presence.

5. On April 30, 2012, I interviewed Michael Tharp at his home in Naylor, Missouri. Tharp reported that Foster prepared his 2010 and 2011 tax returns in early 2011 and 2012, respectively. Foster prepared both returns at her home office in Knobel, Arkansas in Tharp's presence.

6. On May 23, 2012, I interviewed Deborah Thompson at her office in Newport, Arkansas. Thompson, a duly-licensed CPA, reported that she met Foster at tax preparation classes and that they have known each other for about ten years. In December 2010, Foster told Thompson that she needed to file returns for tax year 2010 under another preparer's name to avoid causing problems with her disability payments. Thompson agreed to file Foster's returns for \$10 each. About 184 returns were prepared in this manner. Each one listed Foster's husband (Delmar) as the preparer and Thompson as his firm. Thompson at first refused overtures to continue the arrangement for the 2012 tax season before relenting on the condition that Foster follow new procedures. But no returns came. When Thompson later discovered that someone had been filing returns using her Electronic Filing Identification Number (EFIN), she confronted Foster, who admitted doing so. Thompson estimated that Foster filed at least 75 returns under her EFIN for the 2012 tax season.

7. On July 27, 2012, I interviewed Lyman Dawson by telephone. Dawson reported that ~~Foster prepared his 2010 and 2011 tax returns in early 2011 and 2012, respectively. Foster prepared both returns at her home office in Knobel, Arkansas in Dawson's presence.~~

8. On July 27, 2012, I interviewed Jacqueline Dollar by telephone. Dollar reported that Foster prepared her 2010 and 2011 tax returns in early 2011 and 2012, respectively. Foster prepared both returns at her home office in Knobel, Arkansas in Dollar's presence.

9. On July 27, 2012, I interviewed Larry Edwards by telephone. Edwards reported that Foster prepared his 2010 and 2011 tax returns in early 2011 and 2012, respectively. Foster prepared both returns at her home office in Knobel, Arkansas in Edwards's presence.

10. On July 27, 2012, I interviewed Walter Hall by telephone. Hall reported that Foster prepared his 2010 and 2011 tax returns in early 2011 and 2012, respectively. Foster prepared both returns at her home office in Knobel, Arkansas in Hall's presence.

11. On July 27, 2012, I interviewed Sarah Lack by telephone. Lack reported that Foster prepared her 2010 and 2011 tax returns in early 2011 and 2012, respectively. Foster prepared both returns at her home office in Knobel, Arkansas in Lack's presence.

12. On July 27, 2012, I interviewed Windell Matheney by telephone. Matheney reported that Foster prepared his 2010 and 2011 tax returns in early 2011 and 2012, respectively. Foster prepared both returns at her office. In 2012, Matheney left his 2011 tax records with Foster and returned several days later to pay her and collect the completed tax return.

13. On July 27, 2012, I interviewed Jackie Pipkin by telephone. Pipkin reported that Foster prepared his 2010 and 2011 tax returns in early 2011 and 2012, respectively. Foster prepared both returns at her home office in Knobel, Arkansas in Pipkin's presence.

~~14. On July 27, 2012, I interviewed Michael White by telephone. White reported that Foster prepared his 2011 tax return in early 2012. Foster did so at her home office in Knobel, Arkansas in White's presence.~~

15. On July 27, 2012, I interviewed Sherry Wilson by telephone. Wilson reported that Foster prepared his 2010 and 2011 tax returns in early 2011 and 2012, respectively. Foster prepared both returns at her home office in Knobel, Arkansas in Wilson's presence.

16. On July 27, 2012, I interviewed Ivan Wood by telephone. Speaking through his wife, Wood reported that Foster prepared his 2010 and 2011 tax returns in early 2011 and 2012, respectively. Foster prepared both returns at her home office in Knobel, Arkansas in Wood's presence.

17. Under Title 28, United States Code, Section 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 13th day of February, 2014.


PHILLIP H. RAMPEY
Revenue Agent
Internal Revenue Service

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.) No. 4:11-CV-83 JLH
)
 BETTY J. FOSTER, individually, and d/b/a)
 FOSTERS INCOME TAX SERVICE,)
)
 Defendant.)

DECLARATION OF IRS SPECIAL AGENT CAMILIA JONES

1. I am a Special Agent employed by the Internal Revenue Service in Little Rock, Arkansas.
2. In the course of my official duties as an IRS Special Agent, I was assigned to investigate Betty J. Foster to determine if she violated the terms of the this Court's Permanent Injunction.
3. The following declaration is submitted in support of the Motion to Show Cause filed by the United States of America.
4. This declaration is based on personal knowledge and sets forth facts establishing that Foster has prepared federal income tax returns for Jessie Cline, Jimmy Cline, Kasey Cline, Ashley Gray, Donald Gray, Julia Gray, Shane Taylor, Stephanie Taylor, and David White, among others, in violation of this Court's Stipulated Order of Permanent Injunction dated February 8, 2011.
5. On June 13, 2013, I interviewed Deborah Thompson in Newport, Arkansas. Thompson, a duly-licensed CPA, reported that she met Foster at tax preparation classes and that they have now known each other for more than ten years. In 2011, Foster informed Thompson that she was collecting disability and would therefore need to file returns for tax year 2010 under another preparer's Electronic Filing Identification Number (EFIN) to avoid legal problems. Thompson

allowed Foster to use her EFIN for a fee of \$10 per return. Foster attempted to make similar arrangements for tax year 2011 returns but Thompson refused. Nevertheless, Foster gained access to Thompson's EFIN and used it to submit more than 100 returns without Thompson's knowledge. After Thompson confronted her, Foster mailed Thompson a check dated February 28, 2012 for \$600 with a note that read "Appreciate your help" signed "Betty." Around this time, Thompson also began receiving telephone calls from Foster clients for whom Thompson's name and business telephone number had been listed on 2011 tax returns.

6. On September 3, 2013, I interviewed David White by telephone. White reported that Foster prepared his tax returns for tax years 2009, 2010, and 2011. Each time, he visited Foster's residence in Boydsville, Arkansas, in which there was a home office where Foster prepared tax returns while he waited. White added that there was a sign advertising her tax preparation service outside the home.

7. On September 4, 2013, I interviewed Jimmy Cline in Jonesboro, Arkansas. Cline reported that Foster prepared his tax returns for tax years 2008 through 2011. Cline noted that Foster alone prepared his returns; her husband, Delmar, would not be present when Foster prepared the returns. Despite cashing a \$150 check for preparing Cline's 2011 return, Foster neglected to file it electronically. Cline added that he also observed Foster prepare 2011 tax returns for his father and daughter, Jessie Cline and Kassey Cline, respectively, in March 2012. He likewise reported that a large sign for "Foster's Tax Service" appeared in the front yard of Foster's home.

8. On September 4, 2013, I interviewed Shane Taylor in Jonesboro, Arkansas. Taylor reported that Foster prepared tax returns for he and his wife, Stephanie Taylor, for tax years 2003 through 2011. He reported that Foster prepared returns in her home, which featured a sign for

“Foster’s Income Tax” in the front yard. Generally, Taylor would wait in Foster’s home office while she prepared his return. For tax year 2011, though, he dropped off his materials and later picked up his return.

9. On September 4, 2013, I interviewed husband and wife Donald and Julia Gray in Jonesboro, Arkansas. The Grays reported that Foster prepared their tax returns for tax years 2008 through 2011 as well as tax returns for their daughter, Ashley Gray, in 2010 and 2011. Foster prepared the returns in her home office, which featured a large sign advertising tax preparation services in the yard.

10. Under Title 28, United States Code, Section 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 13th day of February, 2014.



CAMILIA T. JONES
Special Agent
Internal Revenue Service