

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA)	
)	
Plaintiff,)	
)	
v.)	Civil No. 2:11-cv-02495-EEF-ALC
)	
TRACY B. BONDS, individually and)	
d/b/a TRACY'S TAX SERVICE)	
)	
Defendant.)	

ORDER FOR PERMANENT INJUNCTION

IT IS ORDERED THAT defendant Tracy Bonds, individually and doing business as Tracy's Tax Service, her representatives, agents, servants, employees, attorneys, independent contractors, and anyone in active concert or participation with her are permanently enjoined under 26 U.S.C. §§ 7402 and 7407 from directly or indirectly;

- (1) engaging in conduct subject to penalty under 26 U.S.C. § 6694, including preparing federal income tax returns that assert or contain unreasonable positions or positions that willfully or recklessly understate a customer's liability;
- (2) preparing and filing federal tax returns based on information known or suspected to be fraudulent, such as claiming false dependents, using suspicious or fraudulent W-2s, or reporting income or deductions or losses from sham businesses;
- (3) preparing or filing, or assisting in the preparation or filing of any federal tax return, or amended return, for any other person or entity that claims

the EITC for which the due diligence required by 26 U.S.C. § 6695 (and the accompanying Treasury regulations) has not been conducted, specifically:

(a) Bonds and her representatives, agents, servants, employees, attorneys, independent contractors, and anyone in active concert or participation with her, must make and document inquiries that ensure that any person reported as a qualifying child is the taxpayer's son, daughter, stepchild, foster child, or a descendant of any of them (for example the taxpayer's grandchild), or is the taxpayer's brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (for example, the taxpayer's niece or nephew); and

(b) Bonds and her representatives, agents, servants, employees, attorneys, independent contractors, and anyone in active concert or participation with her, must make and document inquiries that ensure that any person reported as a qualifying child is:

1) under 19 years old at the end of the tax year for which the return is being prepared by obtaining a copy of that child's birth certificate or other document which verifies the child's birth date; or

2) younger than the taxpayer and is under 24 years old at the end of the tax year for which the return is being prepared by

obtaining a copy of that child's birth certificate or other document which verifies the child's birth date and was a full-time student for five months during the tax year for which the return is being prepared by obtaining a letter from the school in which the child was enrolled or other documents, such as report cards, from the school which verify that the child was enrolled, or

3) permanently and totally disabled, such that he or she cannot engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that the condition has lasted or can be expected to last continuously for at least a year or can lead to death, by obtaining documentation from a doctor that verifies the child's disability; and

(c) Bonds and her representatives, agents, servants, employees, attorneys, independent contractors, and anyone in active concert or participation with her, must make and document inquiries that ensure that any person reported as a qualifying child lived with the taxpayer for more than six months during the year for which the return is being prepared; and

(d) Bonds and her representatives, agents, servants, employees, attorneys, independent contractors, and anyone in active concert or

participation with her, must make and document inquiries that ensure that any person reported as a qualifying child cannot file a joint return for the year for which the return is being prepared.

- (4) engaging in any other conduct subject to penalty under 26 U.S.C. §§ 6695 and/or 6701, including preparing any part of a return or claim for refund that includes an understatement due to an unreasonable position or a willful understatement of tax;
- (5) engaging in conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws; and
- (6) engaging in any other activity subject to penalty under the Internal Revenue Code.

IT IS FURTHER ORDERED, under 26 U.S.C. § 7402, that for two years from the date of this Order, Bonds is required to display this Order for permanent injunction prominently in her place of business such that all current and future customers are aware of the due diligence requirements imposed upon Bonds and her representatives, agents, servants, employees, attorneys, independent contractors, and anyone in active concert or participation with her.

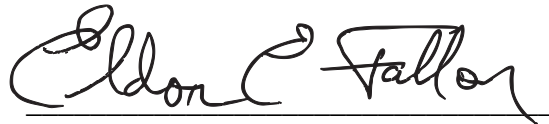
IT IS FURTHER ORDERED, under 26 U.S.C. § 7402, that Bonds is required to complete 6 hours of education regarding tax preparation by attending, either in person or on-line, an IRS Tax Forum or a Tax Practitioner Institute class, or some other similar program, before December 31, 2011. Bonds must mail to counsel for the United States a sworn

statement that she has complied with this requirement and provide the name(s) of the course(s) she attended by January 15, 2012.

IT IS FURTHER ORDERED that the Court shall retain jurisdiction to enforce this injunction 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 permanent injunction.

IT IS SO ORDERED.

New Orleans, Louisiana this 13th day of October, 2011.

A handwritten signature in black ink that reads "Eldon E. Fallon". The signature is written in a cursive style with a horizontal line underneath it.

ELDON E. FALLON
UNITED STATES DISTRICT JUDGE