

**BEFORE THE MARYLAND STATE BOARD OF INDIVIDUAL TAX PREPARERS**

MARYLAND STATE BOARD OF INDIVIDUAL \*  
TAX PREPARERS, \*

v. \*

Case no. MITP-17-0035

Nicole Williams, \*

Respondent. \*

\* \* \* \* \*

**FINAL ORDER**

**I. Procedural Background.**

The above-captioned matter was heard before the Maryland State Board of Individual Tax Preparers ("the Board") on June 26, 2017. The allegations against Respondent Nicole Williams, as set forth in the Board's charge letter dated May 12, 2017, were as follows:

You have never obtained a registration to provide services as an individual tax preparer.

On or about February 10, 2017, a complaint was filed with the Board by the Maryland Office of the Comptroller ("Comptroller") inquiring about your registration status and stating that it had suspended electronic filing privileges for you and multiple other tax preparers in the State due to suspicions regarding the propriety of filed returns. The Comptroller's complaint further advised that, as a professional tax preparer, you began filing Maryland individual tax returns for 2016 on behalf of taxpayers on or about January 20, 2017.

Upon receipt of the Comptroller's complaint and a subsequent Board investigation, it was determined that you provided, attempted to provide, or offered to provide individual tax preparation services to Maryland taxpayers during 2016 and 2017 while not registered by the Board. From approximately January 20, 2017, through approximately February 8, 2017, you filed at least 21 Maryland individual tax returns (Form 502) for the 2016 tax year. It was also determined that, from approximately January 18, 2016

through May 31, 2016, you filed at least 112 Maryland individual tax returns (Form 502) for the 2015 tax year. At the times of filing of these returns, you were not registered by the Board to provide individual tax preparation services in Maryland, and thereby, you were in violation of the Maryland Individual Tax Preparers Act, Title 21-Business Occupations and Professions Article ("BOP"), Annotated Code of Maryland.

Based on the above described circumstances, you are charged with violating the following laws of the State of Maryland and provisions of the Code of Maryland Regulations (COMAR):

**Business Occupations and Professions Article, Ann. Code of Maryland**

**Section 21-301. Registration required**

An individual shall be registered by the Board before the individual may provide individual tax preparation services in the State.

**Section 21-401. Practice without registration prohibited.**

Except as otherwise provided in this title, a person may not provide, attempt to provide, or offer to provide individual tax preparation services in the State unless registered by the Board.

In its charge letter, the Board informed Ms. Williams of her right to a hearing on the charges, in accordance with the Business Occupations and Professions Article ("BOP") of the *Annotated Code of Maryland*, §21-312 *et seq.*, the Maryland Administrative Procedure Act as set forth in the State Government Article of the *Annotated Code of Maryland*, Title 10, Subtitle 2, and the Board's hearing rules set forth at COMAR 09.01.02. Ms. Williams was also informed that should the charges be proven, pursuant to BOP § 21-405(a), she would be subject to the imposition of a penalty not to exceed \$5,000.00 per violation. At the June 26, 2017 hearing, Ms. Williams appeared on her own behalf, but elected to leave midway through the hearing. The hearing proceeded in her absence. Kris King, Assistant

Attorney General, presented evidence to the Board in support of the allegations.

**II. Findings of Fact.**

The Board includes in its factual findings the facts set forth in the procedural background of the matter. In addition, after examining all of the evidence, including both the testimony of witnesses and the documentary evidence submitted at the hearing, and having assessed the demeanor and credibility of those offering testimony, the Board makes the following additional findings of fact:

1) Ms. Williams is not a Certified Public Accountant, an attorney, an enrolled agent or otherwise exempt from the requirements of the Maryland Individual Tax Preparers Act pursuant to BOP § 21-102(b).

2) Ms. Williams prepared the individual tax returns described above as owner of ALR Tax and Financial Services, LLC ("ALR") located at 76 Ritchie Road, Capitol Heights, MD 20743. During tax season, ALR operated Monday through Saturday from 9 AM until 7 PM. Ms. Williams employed unregistered individuals to provide individual tax preparation services for ALR. Ms. Williams used Paychex to provide the payroll services for ALR and to pay her employees. Ms. Williams offered no testimony that any of the individual tax returns in question were prepared free of charge.

3) By letter dated February 23, 2017, the Board notified Ms. Williams of the

Comptroller's complaint. In that letter, the Board notified Ms. Williams of the registration requirement in BOP § 21-401, and that the Board has the authority to impose up to a \$5,000.00 civil penalty for violations of the Maryland Individual Tax Preparers Act.

4) On March 27, 2017, Ms. Williams met with Board staff concerning the complaint. From February 23, 2017, until March 27, 2017, Ms. Williams continued to operate ALR, provide, attempt to provide, and/or offer to provide individual tax preparation services in Maryland without a registration, and employee unregistered individuals to provide, attempt to provide, and/or offer to provide individual tax preparation services in Maryland.

5) Ms. Williams has never taken the Maryland Tax Preparers Examination. Ms. Williams. Ms. Williams made no personal efforts to ensure that she was in compliance with all applicable laws and regulations relating to providing individual tax preparation services.

6) Ms. Williams has been in the tax preparation industry for 17 years.

### **III. Evaluation of the Evidence.**

The Board believes that the charges in this case are supported. At the hearing in this matter, the evidence demonstrated that on at least 138 occasions, Ms. Williams provided individual tax preparation services, as defined in BOP § 21-101(f), without a registration issued by the Board and that Ms. Williams is not exempt from the registration requirement pursuant to BOP § 21-102(b).

Accordingly, the sole remaining issue before the Board is what, if any, sanction it must impose against Ms. Williams under these circumstances. The Board has the authority

under BOP § 21-405 (a) to impose a penalty not exceeding \$5,000.00 per violation. In evaluating whether or not to impose a civil monetary penalty, BOP § 21-405(a) provides that the Board shall consider the following factors: 1) the seriousness of the violation; 2) the harm caused by the violation; 3) the good faith of the violator; 4) any history of previous violations by the violator.

With respect to the seriousness of and harm caused by the violation, Ms. Williams ignored the fundamental obligation of any non-exempt individual who provides individual tax preparation services in Maryland: being registered with the Board. Ms. Williams essentially took opportunities away from individuals who have complied with the registration requirement. Additionally, Ms. Williams has never demonstrated her competence by passing the Maryland Tax Preparers Examination, something that current registrants are required to do. *See generally* COMAR 09.38.01.02. Finally, Ms. Williams operated a tax preparation business and used unregistered, non-exempt individuals to offer to provide, attempt to provide, and/or provide individual tax preparation services. Ms. Williams was instrumental in facilitating other individuals' violation of the Maryland Tax Preparers Act. Ms. Williams not only harmed the profession and the public, she harmed her own employees.

With respect to good faith on the part of Ms. Williams, she did cooperate with the Board's investigation, but left midway through the hearing depriving the Board the opportunity to make any in-depth inquiry into her actions. Also Ms. Williams continued to operate ALR, and continue to employ unregistered, non-exempt tax preparers, without

her own valid registration after receiving notice from the Board of the registration requirement. Based on her testimony at the hearing, Ms. Williams apparently believed that she had to continue operating for the sake of her "clients". It seems to the Board that Ms. Williams also had the option of ceasing operation until properly registered, and assisting her clients to find other registered preparers until such time as she became properly registered.

Finally, while Ms. Williams does not have a prior disciplinary history with the Board, the Board finds that, after weighing all the factors, a serious sanction is warranted. Because Ms. Williams had no registration and was the owner of ALR, a tax preparation business employing unregistered individuals, the Board believes that Ms. Williams should be sanctioned more severely than her employees<sup>1</sup>

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<sup>1</sup> See *Maryland Board of Individual Tax Preparers v. Jizel Abu*, Case No. MITP 17-0032; *Maryland Board of Individual Tax Preparers v. Beverly Pierre*, Case No. MITP 17-0045.

### **CONCLUSIONS OF LAW**

Based on the Findings of Fact, and using the specialized knowledge, training, and experience of its members, the Maryland State Board of Individual Tax Preparers hereby concludes as a matter of law that the Respondent Nicole Williams violated Business Occupations and Professions Article, Ann. Code of Maryland, Sections 21-301 and 21-401.

### **ORDER**

In consideration of the Maryland State Board of Individual Tax Preparer's Findings of Fact and Conclusions of Law in this matter, it is this 14 day of August,

2017 **ORDERED:**

1) That Nicole Williams pay to the Board, within 30 days of the date of this order, a total civil monetary penalty in the amount of \$15,000.00 for her violations of Business Occupations and Professions Article, Ann. Code of Maryland, Sections 21-301 and 21-401;


2) That this sanction is effective thirty (30) days from the date of this order unless the Respondent obtains a judicial stay of enforcement pursuant to Md. State Gov. Code Ann., § 10-222; and

3) That the records, files, and documents of the Maryland State Board of Individual Tax Preparers reflect this decision.

**MARYLAND STATE BOARD OF  
INDIVIDUAL TAX PREPARERS**

**Signature of File**

By:

  
Jane Bourassa  
Acting Chair