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WITH TAX DEADLINE LOOMING **FEDERAL GRAND JURY INDICTS TAX FRAUDSTERS**

Atlanta, GA - With the April 17th tax filing deadline rapidly approaching, prosecutors obtained separate federal tax indictments against two individuals accused of scheming to cheat the tax system: ALEASE MARIE LEWIS, 40, of Riverdale, Georgia, and JOE MCDANIEL, JR., 45, of Atlanta, Georgia. LEWIS faces charges of aiding and assisting others in the filing of fraudulent tax returns. MCDANIEL faces charges of making false claims for huge tax refunds against the United States. Both were arrested and are scheduled for a bond hearing and arraignment on Thursday, April 13.

United States Attorney David E. Nahmias said, "The well-being of our country depends on citizens' honest fulfillment of their tax obligations. Our tax dollars fund the social programs that care for the neediest among us, as well as the defense initiatives that keep us safe. Tax fraudsters undermine those efforts by leeching from the common treasury to line their own pockets, while unfairly imposing a heavier share of the tax burden on the rest of us. We will not relent in our pursuit and prosecution of these individuals who seek to profit by stealing from, essentially, all of us."

LEWIS was charged in a thirteen-count indictment with knowingly assisting others in the preparation and filing of tax returns that she knew to contain materially false information, in violation of 18 U.S.C. § 7206(2). Each count carries a maximum sentence of three years in prison and a fine of up to \$100,000. According to Nahmias and documents and information presented in court: Ms. Lewis submitted fraudulent tax returns, all of which she knew to be materially false in terms of the itemized deductions or filing statuses that were claimed. Indeed, Ms. Lewis boosted her tax-preparation business exponentially by inflating her customers' refunds -- going from doing about 200 returns in her first year (2002) to well over 1,000 returns last year. Although the indictment only lists 13 counts, the government's criminal investigation has uncovered twice that many instances of fraudulent returns prepared and filed by Ms. Lewis, as well as several other false returns that have been the subject of civil audits. All told, the tax loss at issue exceeds \$80,000. This case is being investigated by Special Agents of the Internal Revenue Service Criminal Investigation. Assistant United States Attorney Jon-Peter Kelly is prosecuting the case

MCDANIEL, JR. was charged in a four count indictment with knowingly presenting false claims to the United States in his own tax returns, in this case false claims for refunds to the Internal Revenue Service totaling approximately \$2,086,465, in violation of 18 U.S.C. § 287 for the 2001-2003 tax years. The charges carry a maximum sentence of five years in prison and a fine of up to \$250,000 per count. This case is being investigated by Special Agents of the Internal Revenue Service Criminal Investigation. Assistant United States Attorney Glenn D. Baker is prosecuting the case.

Earlier this year, LISA MELINDA LYLE, 37, of Winder, Georgia, was indicted by a federal grand jury on charges of making false claims against the United States and unlawfully using other persons' Social Security numbers in order to obtain fraudulent tax refunds. Ms. LYLE was arraigned on Monday, March 20. Her case is in the pretrial stage and has not yet been set for trial. According to United States Attorney Nahmias, the indictment and other information presented in court, LYLE filed federal income tax returns in the names of relatives and acquaintances, supported by false W-2 forms containing fictitious information about the individual's employment, earnings and withholdings. The income tax returns claimed refunds based on the false information. LYLE obtained the refunds by filing for refund anticipation loans; by listing her bank account or a friend or relative's bank account as the place where the refund should be deposited, or by listing her address or a friend or relative's address as the place where the refund should be mailed. Many of the persons in whose names LYLE filed income tax returns did not realize she was filing the return in their names and misusing their Social Security numbers. This case was investigated by Special Agents of the Internal Revenue Service, Criminal Investigations. Assistant United States Attorney Teresa D. Hoyt is prosecuting the case.

Since the 2005 tax filing deadline, prosecutors obtained convictions in several tax prosecutions, including the following:

★ JOSEPH MILLIGAN, 37, of Brooklyn, New York, and RAE BEAVERS, 35, of St. Louis, Missouri, were sentenced on December 20, 2005, by United States District Judge Richard W. Story, on charges of conspiring to file false claims against the United States and fraudulently using other persons' social security numbers. MILLIGAN was sentenced to 2 years in prison to be followed by 3 years of supervised release. MILLIGAN was convicted of these charges when he entered a plea of guilty on September 21, 2005. BEAVERS was sentenced to 1 year and 1 day in prison to be followed by 3 years of supervised release. BEAVERS was convicted of these charges when she entered a plea of guilty on July 28, 2005. Both MILLIGAN and BEAVERS were ordered to pay restitution in the amount of \$47,344.

According to Nahmias and the documents and information presented in court: MILLIGAN and BEAVERS both worked at "Eye Consultants of Atlanta, P.C." MILLIGAN was employed as a patient account representative, and BEAVERS was employed as a switchboard operator. Beginning around January 2002, MILLIGAN and BEAVERS stole the names, social security numbers, and dates of birth of elderly patients of Eye Consultants of Atlanta. They provided that information to convicted co-conspirator TERRENCE

EDWARDS, who used it to file fraudulent federal income tax returns over the internet. Each fraudulent tax return claimed that a refund was due, and along with these returns EDWARDS filed for a refund anticipation loan from Santa Barbara Bank & Trust.

In July 2002, MILLIGAN began working for "Greenville Radiology, P.A.," in Greenville, South Carolina. At his new job, MILLIGAN compiled additional lists of elderly patients' names, social security numbers, and dates of birth for EDWARDS' use. EDWARDS paid MILLIGAN between \$200 and \$500 for each list of patient identity information. When filing the fraudulent tax returns, EDWARDS used BEAVERS' internet accounts, and EDWARDS directed Santa Barbara Bank & Trust to deposit some refund anticipation loans into her bank account. BEAVERS also worked with EDWARDS to forge a signature on and negotiate an income tax refund check in the amount of \$26,355.65. EDWARDS filed the last fraudulent tax return in January 2003. Through MILLIGAN's and BEAVERS' participation in the conspiracy, EDWARDS filed approximately 70 returns that falsely claimed refunds in excess of \$200,000.

TERRENCE EDWARDS was originally sentenced to federal prison term of 30 months for his role in the offense. He completed his prison term but has been charged with violating the terms of his supervised release. The EDWARDS revocation hearing is scheduled for April 18, 2006, before United States District Judge Richard W. Story. EDWARDS faces up to an additional twelve months in prison. EDWARDS, BEAVER AND MILLIGAN were prosecuted by Teresa Hoyt. The case was investigated by Special Agents of Criminal Investigation, Internal Revenue Service.

★ BEN NYEMAH BADIO, a/k/a "Kawi Badio," 46, of Norcross, Georgia, was sentenced in July 2005 for operating a \$1.5 million tax fraud scheme. According to Nahmias and the documents and evidence at the sentencing hearing: BADIO was sentenced to 6 years, 6 months in federal prison, ordered to serve 5 years of supervised release, ordered to pay over \$400,000 in restitution to the IRS, and ordered to pay his interest in a 2002 Cadillac Escalade, which was the subject of a \$55,000 money laundering violation, forfeited to the United States. He pleaded guilty on April 18, 2005, to one count of criminal conspiracy, nine counts of filing false claims with the IRS, nine counts of bank fraud, and three counts of money laundering.

BADIO's brother, ELROY BADIO, 35, of Marietta, Georgia, who had also pleaded guilty to assisting in the conspiracy, was sentenced to six months of home confinement to be followed by six months of probation, and ordered to pay over \$20,000 in restitution. ELROY BADIO received a reduction in his sentence based on his cooperation with the Government in this case.

BEN BADIO, is a former tax preparer who operated in Gwinnett County, Georgia, in 2000 and 2001. According to the evidence, BEN BADIO electronically filed over 80 false tax returns in 2000 and 2001, and without the knowledge of his clients falsely claimed inflated refunds in their name in excess of \$1,500,000. ELROY BADIO assisted his brother in the scheme and was found liable for false returns in excess of \$200,000.

BEN BADIO and in some cases ELROY BADIO filled out tax forms claiming that each of these taxpayer-clients was entitled to thousands of dollars in a "Federal Fuel Tax Credit," based on purported purchases by the taxpayer of tens of thousands of gallons of diesel, kerosene, liquid petroleum gas, and other fuel. The returns prepared by BEN BADIO also represented that the taxpayer used this fuel for one or more of the limited specified uses that give rise to the Fuel Tax Credit, such as farming, off-road business use, and propulsion of commercial buses and trains. In fact, the taxpayers never made such fuel purchases, never engaged in those activities, and never told BEN BADIO or his accomplice otherwise.

BEN BADIO caused the refunds to be sent to himself, through bank accounts that he controlled, by way of "refund anticipation" bank loans BADIO applied for in the names of the taxpayers. In some cases BADIO then paid the taxpayer-client a purported refund, but it was just a fraction of what he had actually claimed and received in their name. In the remaining cases BADIO sent the taxpayer-client no refund at all. BADIO concealed from his taxpayer-clients the lies he put on their returns. BEN BADIO claimed over \$1,500,000, and actually received over \$400,000 before his scheme was detected and shut down.

BEN BADIO also conducted three transactions that constituted the additional crime of money laundering. Specifically, he purchased a \$55,000 Cadillac Escalade, a \$50,000 Mercedes, and made a \$50,000 investment in a local restaurant, all with the proceeds of his fraud.

The BADIO case was investigated by Special Agents of the IRS, Criminal Investigation, with assistance from Special Agents of the U.S. Social Security Administration, Office of Inspector General. Assistant United States Attorneys Justin S. Anand, Richard M. Langway, and Phyllis B. Sumner prosecuted the case.

Rebecca A. Sparkman, Special Agent in Charge, Internal Revenue Service, Criminal Investigation stated "the prosecution of these cases during the heart of tax season should serve as a timely reminder that by April 17th all of us must file a tax return in compliance with the law and satisfy the tax obligations that we owe to our country. People who seek to unlawfully avoid that obligation can and will be criminally prosecuted." Sparkman advises that citizens can consult the IRS website for additional information: www.irs.gov.

Members of the public are reminded that the indictment contains only allegations. A defendant is presumed innocent of the charges and it will be the government's burden to prove a defendant's guilt beyond a reasonable doubt at trial.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney or F. Gentry Shelnett, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.