



**U.S. Department of Justice**

*United States Attorney*

*Eastern District of Virginia*

Main Street Centre  
600 E. Main Street  
Richmond, Virginia 23219-2447

804/819-5400  
Fax 804/771-2316

**NEWS RELEASE**

RICHMOND, VIRGINIA

For further information contact  
January 27, 2006 Ms. Susan Vick (804) 819-  
5400

Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced the conviction of James D. Delfino, age 47, and Jeanine Ann Delfino, age 45, husband and wife, formerly of Chesterfield County, Virginia. The Delfinos were indicted by a federal grand jury and charged with conspiracy to defraud the United States, tax evasion and mail fraud. The Delfinos were convicted today by a federal jury of all counts after a three day trial.

From tax years 1995 through 2001, the Delfinos attempted to avoid over \$1.5 million in taxes by funneling income through bogus trusts. In turn, the defendants used their tax-free income to enjoy a lavish lifestyle, which included, among other things, a half-million dollar house with a pool and hot tub, numerous luxury autos, two race car, and a motorcycle.

As part of the conspiracy to defraud the United States, the Delfinos failed to timely file any personal income tax returns for tax years 1995 through 2001, despite earning substantial income for those years from their computer consulting business, Consulting Services Group, Inc. They attempted to conceal their assets and their ability to pay the assessed taxes, penalties, and interest, from the United States and IRS by causing their assets and income to be placed in the names of others (i.e., nominees) to prevent the IRS from accurately assessing taxes due and owing. As part of the scheme, the Delfinos had their income paid to them through two trusts that they controlled, Alpha & Omega Trust and Covenant Foundation Trust. In addition, the defendants attempted to shield their assets by placing them in trusts.

The mail fraud conviction stems from an application for a \$280,000 home equity loan. On a Uniform Residential Loan Application submitted to Countrywide Home Loans, Inc., the Delfinos falsely stated that they were not presently delinquent or in default on any federal debt. At that time, the Delfinos well knew that James Delfino had been assessed taxes of at least \$846,798 by the IRS and Jeanine Delfino had been assessed taxes of at least \$786,887 by the IRS.

The Delfinos each face a maximum sentence of 20 years imprisonment and \$1,000,000 in fines when they are sentenced by United States District Judge Robert E. Payne on April 21, 2006.

Also announcing the conviction is Charles Pine, Special Agent-in-Charge, Internal Revenue Service - Criminal Investigation. This case was investigated by the Internal Revenue Service-Criminal Investigation Division and is being prosecuted by Assistant United States Attorney G. Wingate Grant and David J. Ignall, Trial Attorney, Tax Division, U.S. Department of Justice.

###