



FOR IMMEDIATE RELEASE
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BOGUS TRUST PROMOTER CONVICTED IN TUCSON OF CONSPIRACY TO DEFRAUD

TUCSON, Ariz. - Luis C. Deguzman, Jr., 68, of Palm Springs, Calif., was found guilty here today by a federal jury of conspiracy to defraud the United States with respect to claims for income tax refunds. Deguzman is in the custody of the U.S. Marshal's Service pending sentencing which is set before Judge David C. Bury on September 14, 2006 at 9:00 a.m. A conviction for conspiracy to defraud the United States with respect to claims carries a maximum penalty of ten years in prison, a \$250,000 fine or both.

The evidence during the 7-day trial showed Deguzman conspired to defraud the U.S. with respect to claims for individual income tax refunds. Several of Deguzman's clients reported him to the IRS which triggered the investigation conducted by the Criminal Investigation Division of the Internal Revenue Service in Tucson, Ariz. with the assistance of the Fraud Detection Unit at the Internal Revenue Service Center in Austin, Texas.

In the scheme, clients were told that Deguzman could obtain large income tax refunds to be placed in a trust for the future benefit of their family and a charity of their choice. In the promotion of the fraudulent charitable trust scheme, he defrauded the IRS of approximately \$455,000. Deguzman claimed to clients that he was a tax attorney and had a large staff at his company, Senior Resource Services, as well as hundreds of clients internationally and numerous offices throughout southern California and New York City. He also claimed he had connections with the IRS which permitted him to gain special approval to use a loophole in the tax code in order to fund a charitable remainder trust for clients.

Deguzman prepared the alleged trust documents and the client's tax return. Without the client's knowledge, he inflated the charitable contributions to 1/2 of the adjusted gross income (the legal limit for charitable deductions) and sometimes added other false deductions, such as moving expenses and mortgage interest. When they asked, clients were told that with a "blind trust" they could not get copies of the tax returns. The clients would receive large tax refunds (approximately 80% of taxes withheld) of which they would send 1/2 to a trust for the client's family and a designated charity 20 years in the future.

As the trustee in charge of the trust, Deguzman would sometimes change the direct deposit routing number to have the entire tax refund sent to the accounts he controlled. He would then divert the monies for his benefit and that of his then-girlfriend and co-conspirator. Of the \$455,000 tax loss, approximately \$389,000 went to Deguzman and his company. More than \$67,000 of the money went to pay his credit cards, \$26,000 was cash withdrawals, nearly \$7,000 went to pay the mortgage of co-conspirator; and over \$15,000 to defendant's children.

The prosecution was handled by Danny N. Roetzel, Assistant U.S. Attorney, District of Arizona, Tucson, Ariz.

CASE NUMBER: CR-04-01674-TUC-DCB
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