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SACRAMENTO MAN PLEADS GUILTY TO CONSPIRACY TO DEFRAUD THE IRS

United States Attorney McGregor W. Scott announced today that GREGORY FRANKLIN ADAMS, 44, of Sacramento, pleaded guilty this morning before U.S. District Court Judge William B. Shubb to one count of conspiracy to defraud the government with respect to false claims.

This case was investigated by Internal Revenue Service Criminal Investigation special agents.

According to Assistant U.S. Attorney James P. Arguelles, who is prosecuting this case, during the period of approximately January through July of 2002, Adams participated in a scheme to file false and fraudulent income tax returns. As part of his plea, Adams specifically admitted that he was responsible for providing bogus Forms W-2 to other individuals, which were submitted to the IRS in connection with false income tax returns in order to obtain fraudulent tax refunds. These Forms W-2 listed the claimant's correct name, but contained false information about the claimant's employer and the amount of income earned. These false Forms W-2 reflected an excessive amount of income withheld and just enough income to entitle the individual to the Earned Income Credit, a subsidy for low-income families. The false forms resulted in an average refund of approximately \$4,300.

Adams also admitted as part of his plea that he knew that these false Forms W-2 were going to be used to obtain a fraudulent refund from the IRS, and in fact personally assisted several individuals in filing their returns. In exchange for obtaining these false Forms W-2, Adams received, or expected to receive, a percentage of the fraudulent return obtained from the IRS. Finally, Adams admitted that, in total, he was responsible for the submission of fraudulent returns seeking approximately \$216,000 during the period of January 2002 - April 2002.

United States Attorney McGregor W. Scott stated: "The United States Attorney's Office is pleased to have joined with the IRS to target this wide-scale fraud. Our vigorous prosecution efforts should serve as notice to others who would attempt to engage in false tax return schemes."

According to IRS Criminal Investigation Special Agent in Charge Victor S. O. Song

“Taxpayers should be highly skeptical when someone suggests a percentage of a refund as a fee for preparing a tax return. When all is said and done, the taxpayer is responsible for everything on his or her own tax return.”

Sentencing has been set before Judge Shubb for December 1, 2004, at 9:00 a.m., at which time ADAMS faces a maximum sentence of ten years in prison and up to a \$250,000 fine.

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