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FOR IMMEDIATE RELEASE:

United States Attorney Jeffrey G. Collins and Special Agent in Charge Mark Kroczyński, Internal Revenue Service, Criminal Investigation Division, Detroit, announced that a federal jury sitting in Detroit found Tracy Carmichael, age 41, of Detroit and formerly of Bloomfield Township, Michigan, guilty of 17 counts of Aiding and Assisting in the Preparation and Presentation of False and Fraudulent Tax Returns in violation of 26 U.S.C. §7206(2). The verdict came yesterday, June 22, 2004, after approximately four hours of deliberation, and concluded a week-long trial before the Honorable Denise Page Hood, United States District Judge for the Eastern District of Michigan.

Mr. Collins stated that, "The evidence presented at trial proved that Mr. Carmichael, working as an income tax preparer in Detroit and Southfield, aided and assisted 11 taxpayers in the preparation and presentation of 17 individual income tax returns which were false as to material matters, from February 3, 2000 through February 5, 2001, causing losses to the Internal Revenue Service of over \$86,000. The evidence established that these tax returns contained false information concerning business losses, itemized deductions and rental real estate losses. In many cases, Mr. Carmichael advised his clients to claim business losses even though they operated no businesses at all. In others, Mr. Carmichael prepared tax returns

containing substantially inflated employee business deductions, charitable contributions and rental real estate expenses.

Mr. Kroczyński stated, "Mr. Carmichael, an abusive return preparer, showed his willing clients that a bit of creative accounting gets a lot back from Uncle Sam. What he didn't inform them was that they could be caught up in an IRS criminal investigation. Not only have they been exposed to possible criminal sanctions, they will be audited and are responsible for paying back any ill-gotten gains, with any interest and penalties that might have accrued. People need to remember that it's so important that when you sign a tax return it must be accurate."

Mr. Collins stated, "The Court scheduled Mr. Carmichael's sentencing for October 21, 2004 at 3:00 pm. The statute provides for a maximum punishment of three years' incarceration and a fine of \$100,000 per count. However, the sentence will be imposed under the United States Sentence Guidelines according to the nature of the offense and the criminal background, if any, of the defendant. The defendant will remain free on bond pending sentence."

Mr. Collins commended the Internal Revenue Service, Criminal Investigation Division, whose investigation led to the successful prosecution of Mr. Carmichael.