



U.S. Department of Justice

*United States Attorney
Eastern District of Michigan*

*211 W. Fort Street
Suite 2001
Detroit, Michigan 48226*

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**CONTACT: Gina Balaya (313) 226-9758
Stephen Moore (313) 234-2410**

FOR IMMEDIATE RELEASE
DETROIT, MICHIGAN

United States Attorney Jeffrey Collins announced today that WILLIAM THOMAS, 36, of Detroit, PRESTON HARRIS, 32, of Detroit, and KECIA WEBSTER, 35, of Detroit, were convicted today by a jury in federal court in Detroit on charges of filing false claims for federal income tax refunds with the Internal Revenue Service (IRS). All three defendants are in managerial or supervisory positions with several offices of the Jackson Hewitt tax preparation service located in the Detroit area. Four other Jackson Hewitt employees had also been charged in the indictment, but they entered guilty pleas before the trial and are awaiting sentencing. Mr. Collins was joined in the announcement by Sandi Carter, Acting Special Agent in Charge, Internal Revenue Service, Criminal Investigations.

The verdicts were the culmination of a trial that had begun on June 28, 2004 before the Honorable Avern Cohn, United States District Judge for the Eastern District of Michigan. THOMAS and HARRIS were each convicted on one count of conspiracy and two counts of filing false claims against the United States. WEBSTER was convicted on one count of filing false claims against the United States. The conspiracy charges carry a maximum penalty of ten years imprisonment and a fine of \$250,000. The charges of filing false claims against the United States carry a maximum penalty of five years imprisonment and a fine of \$250,000 on each count. The defendants sentences will be imposed by the Court under the United States Sentencing Guidelines according to the nature of the offense and the criminal background, if

any, of each defendant.

The indictment alleged that taxpayers came to the franchise offices of the Jackson Hewitt tax service for the purpose of obtaining tax preparation services and that the defendants prepared federal income tax returns for these clients for the 1998 and 1999 tax years. The tax returns contained false and fictitious information and were electronically filed with and processed by the Internal Revenue Service, producing an income tax refund, or enlarging the income tax refund due to the client.

The false and fraudulent information incorporated by the defendants into the clients' federal income tax returns included (1) the claiming of false Schedule A deductions for charitable contributions and unreimbursed employment related expenses, (2) the inclusion of a fictitious Schedule C business which reported income sufficient enough to trigger an Earned Income Credit, and (3) the claiming of fictitious dependants and head of household status in order to generate an Earned Income Credit. This false information, incorporated into the fraudulent federal income tax returns, resulted in false claims for a tax refund.

The defendants benefitted from these false claims for a refund in two ways. First, defendant WILLIAM THOMAS, as a co-owner and general manager of several Jackson Hewitt locations, derived financial benefit from the fees charged to Jackson Hewitt clients for the preparation of income tax returns. Secondly, defendants THOMAS and HARRIS often charged these clients a certain, additional amount of money, sometimes as much as \$1,000, which they took from the proceeds of the clients' refund checks.

Mr. Collins also stated that the investigation had uncovered more than fifty false tax returns and that the fraudulent amounts claimed on those tax returns totaled over \$115,000.

Ms. Carter stated, "IRS Criminal Investigation focuses on protecting revenue by identifying, investigating and prosecuting abusive return preparers. Unfortunately, people like Mr. Thomas, Mr. Harris, and Ms. Webster can cause considerable financial and legal problems for their clients, because, no matter who prepares your returns, the taxpayer is ultimately responsible for the information on the tax return. It is so important that people choose their return preparer wisely and not get caught up in these false "easy money" schemes to cheat the Internal Revenue Service.

Mr. Collins commended the special agents of the Internal Revenue Service Criminal Investigation for their work in this investigation. The case was prosecuted by

Assistant United States Attorney Richard L. Delonis and Jeffrey A. McLellan, a Trial Attorney with the Tax Division of the U.S. Department of Justice.