



PRESS RELEASE
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RETURN PREPARERS CHARGED WITH TAX CRIMES

TAMPA -United States Attorney Paul I. Perez and Jonnie M. Nix, Special Agent in Charge of the Internal Revenue Service Criminal Investigation Tampa Field Office, announced today that six individuals have been charged with tax crimes related to the preparation of false federal income tax returns. A number of those charged owned and operated tax return preparation businesses in central Florida.

On March 28, 2005, TERESA SULLIVAN, age 49, of Tarpon Springs pled guilty to twenty counts related to the filing of false federal income tax returns. Sullivan was indicted by a federal grand jury on January 12, 2005. Counts One through Three of the indictment allege that Sullivan violated 26 U.S.C. 7206(1) by filing three of her own tax returns which she knew contained material misstatements. On these three returns it is alleged that Sullivan falsely claimed her adult daughter and two of her grandchildren as dependents and falsely took the Earned Income Credit for the two grandchildren. Counts Four through Twenty allege that Sullivan violated 18 U.S.C. 287 and 2 by filing seventeen false income

tax returns for eleven individuals seeking false tax refunds in varied amounts from \$2,661.00 to \$6,206.00 for a combined total of \$80,074. Violations of 18 U.S.C. 287 carry maximum sentences of five years' imprisonment and a fine of \$250,000, while violations of 26 U.S.C. 7206(1) carry a maximum penalty of three years' imprisonment and a \$100,000 fine.

On February 4, 2005 CHRISTINA L. DAVIS, age 35, of New Port Richey, and LARAMEY L. BARFIELD, age 27, (currently in custody on state charges) were indicted for violating 18 U.S.C 286 and 2 by conspiring to defraud the United States by filing false income tax returns showing refunds. According to Count One of the indictment, from January 2002 to April 15, 2002, DAVIS was employed by the Amscot Corporation as a manager, a tax return preparer and a tax return preparation instructor. The indictment alleges that during this time period, DAVIS and BARFIELD solicited personal identification items from numerous individuals and used these items to prepare and file false tax returns. DAVIS and BARFIELD also allegedly arranged for 'Refund Anticipation Loans' for these individuals who then shared the proceeds with DAVIS and BARFIELD. Counts Two through Twelve of the indictment detail eleven specific tax returns which DAVIS and BARFIELD caused to be filed and which showed refunds ranging from \$4,670 to \$6,570. Counts Two through Twelve charge DAVIS and BARFIELD with violating 18 U.S.C. 287 and 2 by filing these eleven tax returns claiming a total of \$65,751 in false claims for refunds. Further, Counts Thirteen and Fourteen charge DAVIS with the filing of two additional false returns showing total combined refunds of \$9,195 in violation of 18 U.S.C. 287 and 2. Violations of 18 U.S.C. 286 carry a maximum statutory penalty of ten years'

imprisonment and a fine of \$250,000, while violations of 18 U.S.C. 287 carry a penalty of five years' imprisonment and a \$250,000 fine.

On February 16, 2005 in a twenty-six count indictment, MARGUERITE YOUNG SMITH, the owner of a paid tax preparation business known as QUICK TAX of Merritt Island, FL was charged with violating 18 U.S.C. 287 and 2 by filing 26 federal income tax returns which allegedly showed false refunds. Counts One through Sixteen, of the indictment, detail false electronically filed returns which show refunds totaling \$59,243. Counts Seventeen through Twenty-six, allege that SMITH prepared ten amended tax returns showing refunds from \$40,000 to \$86,000. The refunds on these false returns were generated as a result of claiming a non-existent tax credit for slavery reparations. SMITH received \$125 for individual 'reparation returns' and \$250 for joint returns. According to the indictment, she signed and gave copies of the returns to her clients but she did not identify herself as the paid preparer of these returns on the originals filed with the IRS.

In October 2004 CARLTON THOMAS, age 57, of Orlando, was charged via information with four counts of violating 26 U.S.C. 7206(2), aiding or assisting in the preparation or filing of materially false tax returns. In 2002, THOMAS was the owner-operator of DATA AND FINANCIAL SERVICES of Orlando, FL. From 1999 to 2002 THOMAS prepared client income tax returns showing business losses which THOMAS knew were false. On November 2, 2004, THOMAS agreed to plead guilty to all four counts of the information. Facts contained in the plea agreement indicate that from 1998 through 2001, THOMAS willfully aided and assisted in the preparation of at least thirty-eight fraudulent income tax returns for thirteen of his clients. To reduce the taxable income

on these client returns, THOMAS inflated itemized deductions on Schedule A and business deductions on Schedule C of his client's federal income tax returns. The total tax due and owing from the preparation of the false returns is \$98,949.70. THOMAS is scheduled for sentencing on April 15, 2005. The maximum statutory penalty for violations of 26 U.S.C. 7206(2) is three years' imprisonment and a fine of \$100,000.

On April 10, 2003, LARRY TENNANT of Riverview, FL was indicted on twelve counts of violating 26 U.S.C. 7206(2), aiding or assisting in the preparation or filing of materially false tax returns. On October 4, 2004, TENNANT agreed to plead guilty to Count Eight of the indictment. On January 4, 2005, TENNANT'S plea agreement was accepted by the District Court in Tampa. Details contained in the plea agreement indicate that TENNANT inflated charitable deductions on a client's income tax return in order to generate a false refund. TENNANT also prepared numerous other income tax returns for individuals that he knew contained material misstatements in the form of false deductions, knowing that the deductions would result in the individuals receiving inflated income tax refunds to which they were not entitled. TENNANT'S actions resulted in multiple significant and materially false deductions totaling approximately \$1,167,324. These fraudulent deductions created a total tax loss to the U.S. Treasury of approximately \$326,851. TENNANT is scheduled to be sentenced on April 1, 2005.

U.S. Attorney Paul I. Perez stated, "As April 15th approaches, people should take notice that the government aggressively prosecutes individuals who file false income tax returns, as well as individuals who prepare false returns for others. Cheating on taxes amounts to stealing from the government and from people who pay their fair and honest share."

IRS Criminal Investigation (IRS-CI) is the law enforcement arm of the IRS. Jonnie M. Nix is the Special Agent in Charge (SAC) of IRS-CI's Tampa Field Office. The Tampa Field Office investigates tax fraud in 58 counties in northern and central Florida. SAC Nix offers this advice, "The IRS is aware that the great majority of tax return preparers are competent professionals. However, during this time of year, there are some who attempt to exploit the American taxpayer and defraud the federal government by preparing fraudulent federal income tax returns. When selecting a return preparer please remember the following:

- Avoid preparers who base their fee on the amount of the refund or who claim they can obtain a larger refund than other preparers.
- Use a tax professional who signs your return and provides you with a copy. Is the preparer's reputation known to you? Do they have credentials?
- Never sign a blank income tax return.
- You, the taxpayer are responsible for what appears on your return; so review the return, and ask questions if you aren't sure about the entries.
- Preparers and taxpayers who file fraudulent returns are subject to civil and criminal penalties, including fines and imprisonment."

The above cases were investigated by the Internal Revenue Service, Criminal Investigation and they are being prosecuted by Assistant United States Attorneys Amanda C. Kaiser, Robert T. Monk, Bruce Hinshelwood, Sandra W. Deisler and Jay G. Trezevant.

An indictment and an information are formal charges that a defendant has committed violations of federal criminal laws. Every defendant is presumed innocent unless, and until, proven guilty.