



PRESS RELEASE

FOR IMMEDIATE RELEASE
April 3, 2003

For Information Contact Public Affairs
HARRIET BERNICK
Telephone: (602) 514-7736
Pager: (602) 356-0004

FEDERAL PROSECUTORS INDICT TAX PREPARER FOR PREPARING FALSE RETURNS

PHOENIX, ARIZONA -- The United States Attorney's Office for the District of Arizona announced that on April 2, 2003, Sally GARCIA of Phoenix, Arizona was indicted on 18 counts of Aiding and Abetting the Preparation of a False Tax Return with the Internal Revenue Service, in violation of Title 26, United States Code, Section 7206(2).

According to the indictment GARCIA is alleged to have assisted 12 different clients in the preparation of 18 different false and fraudulent federal income tax returns spanning a three year period from 1997 through 1999. The indictment alleges GARCIA operated through her tax preparation business located in Phoenix, Arizona, and that GARCIA prepared original returns which either inflated or fabricated Schedule A and Schedule C

(MORE)

deductions and expenses, claimed false or fraudulent credits, and also manipulated the filing status of clients.

Several of the charges involved creating business losses by reporting nonexistent Schedule C income and then claiming non-deductible expenses which exceeded the income resulting in Schedule C losses, frequently resulting in a tax refund or reduction in taxes owed. The indictment also claims GARCIA also knew and believed that the clients were not entitled to the refund amounts claimed.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

GARCIA faces a maximum sentence on this charge of three years incarceration, a \$100,000 fine, or both.

This investigation preceding the indictment was conducted by Special Agents of the Phoenix Field Office of IRS Criminal Investigation. The prosecution is being handled by Daniel Drake, Assistant United States Attorney, District of Arizona, Phoenix, Arizona.

CASE NUMBER: CR-03-333-PHX
RELEASE NUMBER: 2003-047

#