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KENSINGTON WOMAN PLEADS GUILTY IN TAX REFUND FRAUD SCHEME

Greenbelt, MD - United States Attorney Thomas M. DiBiagio announced that Gina Marie Horton, age 33, of Kensington, Maryland pled guilty today to conspiracy and substantive charges involving an income tax refund fraud scheme.

In a statement of facts provided to the court as part of the plea agreement, Horton admitted that in 1999 she formed Lifeline, Inc., a Maryland corporation that never earned any income, paid wages or salary to any employee, nor submitted required federal tax documents. Beginning in early 2001, Horton began creating fictitious Form W-2 wage and tax statements which purported to state income paid to and taxes withheld from herself and other individuals by Lifeline, Inc. She obtained blank W-2 forms from the IRS or purchased blank forms from Staples, and filled them out using a typewriter belonging to her neighbor. Horton first submitted a false refund application in her name, then assisted other individuals with valid social security numbers who were willing to submit false returns and share with her the proceeds of the resulting tax refunds or the tax refund anticipation loans issued by a financial institution.

According to the plea agreement, the conspiracy to defraud the IRS lasted from January to

May 2001. Horton filed a false return in her own name on January 17, 2001 seeking a refund in the amount of \$3,993 and caused the filing of other false returns listed in the indictment. On September 5, 2001, IRS agents executed a search warrant at Horton's residence and seized blank W-2 forms and other relevant documents. Horton admitted that she devised the refund fraud scheme and prepared fraudulent documents. The parties disagree about the total amount of loss, but Horton acknowledged that the losses to the government and to financial institutions which issued refund anticipation loans to coconspirators exceed \$40,000.

Horton faces a maximum sentence of 10 years imprisonment on the conspiracy count and 5 years imprisonment on the false claims count, three years of supervised release, a \$250,000 fine, and a \$100,000 special assessment. United States District Judge Alexander Williams, Jr. has scheduled sentencing for October 8, 2003 at 9:30 a.m. Horton was ordered to remain on pretrial detention in the custody of the United States Marshals Service.

The case is a result of an investigation by the Internal Revenue Service, Criminal Investigation. The case was prosecuted by Assistant U.S. Attorney Stuart A. Berman.