



FOR IMMEDIATE RELEASE  
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## **PHOENIX METRO TAX RETURN PREPARER INDICTED AND ARRESTED**

PHOENIX - A federal grand jury in Phoenix Arizona returned a 15 count indictment against Rosario M. Hernandez, 43, of Phoenix, Arizona for violations of Aiding and Assisting in the Presentation of False and Fraudulent Individual Income Tax Returns. Hernandez was arrested on the indictment on Friday, March 30, 2007, at a residence at 7127 W. Windsor Avenue in Phoenix, out of which she was continuing to prepare tax returns for the 2006 tax year.

The indictment alleges that Hernandez owned and operated Rosario's Tax and Notary Service, which was located in Phoenix and later in Glendale. Hernandez prepared the allegedly fraudulent returns during the years 2003 and 2004, often overstating the taxpayer's deductions and expenses and understating the taxpayer's income. This scheme involved the use of false calculations on various tax return Schedules, Form 2106 (used to calculate deductions for business expenses) and Form 1040 (used for individual tax preparation). While preparing returns, Hernandez sometimes left the preparer information blank and regularly used the alias of Zania Guzman, the name of Hernandez' daughter who died as an infant in 1981.

Although return preparers are encouraged to review the returns with their clients and seek receipts for expenses, it is alleged that Hernandez often neglected to review the returns or seek receipts.

According to the indictment, Hernandez claimed false itemized deductions on Schedule A in a total amount of \$437,177, while the correct itemized or standard deductions on the 15 returns totaled approximately \$151,712. Hernandez also overstated business losses and under-reported income on the returns.

A conviction for Presenting False Tax Returns carries a maximum sentence of imprisonment of 3 years, a \$250,000 fine or both. In determining an actual sentence, the assigned district judge will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

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.

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The investigation preceding the indictment was conducted Special Agents of the Internal Revenue Service, Criminal Investigation. The prosecution is being handled by Gary M. Restaino, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-07-336-PHX  
RELEASE NUMBER:2007-094(Hernandez)

## **The IRS offers some advice when seeking a tax return preparer -**

Taxpayers who pay someone to do their taxes should choose a preparer wisely. If you choose to use a paid tax preparer, it is important that you find a qualified tax professional. Taxpayers are ultimately responsible for everything on their return even when it's prepared by someone else

The most reputable preparers will request to see your records and receipts and will ask you multiple questions to determine your total income and your qualifications for expenses, deductions, and other items. By doing so, they have your best interest in mind and are trying to help you avoid penalties, interest, or additional taxes that could result from later IRS contacts.

While most tax return preparers are professional and honest, taxpayers can use the following tips to choose a preparer who will offer the best service for their tax preparation needs.

### **Helpful Hints When Choosing a Return Preparer:**

- ❑ Avoid tax preparers who claim they can obtain larger refunds than other preparers.
- ❑ Avoid preparers who base their fee on a percentage of the amount of the refund.
- ❑ Use a reputable tax professional who signs your tax return and provides you with a copy for your records.
- ❑ Consider whether the individual or firm will be around to answer questions about the preparation of your tax return months, or even years, after the return has been filed.
- ❑ Review your return before you sign it and ask questions on entries you don't understand.
- ❑ No matter who prepares your tax return, you (the taxpayer) are ultimately responsible for all of the information on your tax return. Therefore, never sign a blank tax form.
- ❑ Find out the person's credentials. Only attorneys, CPAs and enrolled agents can represent taxpayers before the IRS in all matters including audits, collection and appeals. Other return preparers may only represent taxpayers for audits of returns they actually prepared. Find out if the preparer is affiliated with a professional organization that provides its members with continuing education and resources and holds them to a code of ethics.