



The United States Department of Justice

District of Montana

FOR IMMEDIATE RELEASE

Friday, February 23, 2007

JOHN F. TAYLOR SENTENCED IN U.S. DISTRICT COURT

Bill Mercer, United States Attorney for the District of Montana, announced today that during a federal court session in Missoula, on February 23, 2007, before U.S. District Judge Donald W. Molloy, JOHN F. TAYLOR, a 68-year-old resident of Trout Creek, appeared for sentencing. TAYLOR was sentenced to a term of:

- Prison: 12 months and 1 day
- Special Assessment: \$300
- Restitution: \$46,939.35
- Fine: \$14,000
- Supervised Release: 1 year

TAYLOR was sentenced in connection with his guilty plea to aiding and abetting the filing of false and fraudulent federal tax returns.

In an Offer of Proof filed by the United States, the government stated it would have proved at trial the following:

TAYLOR owns and operates Taylor's Accounting in Trout Creek. Taylor's Accounting offers federal and state income tax return preparation, federal unemployment tax return preparation, employer's quarterly federal tax return preparation, and payroll accounting services. The business had clients in Montana and throughout the United States.

An Internal Revenue Service (IRS) investigation determined that TAYLOR had prepared materially false federal income tax returns for a taxpayer, identified as "A.S.", for tax years 2000 through 2002, which were filed with the Internal Revenue Service. Each tax return bore TAYLOR'S signature, was signed under penalty of perjury, and included false, inflated, or under-reported amounts. TAYLOR'S willful misstatements resulted in "A.S.'s" federal income tax obligations to be understated by approximately \$19,290 for years 2000 through 2002.

In October of 2003, the IRS notified "A.S." that his 2001 federal income tax return would be audited. After "A.S." notified TAYLOR of the impending IRS audit, TAYLOR instructed an employee to prepare two false affidavits and eighteen false invoice receipts to support misstated amounts that TAYLOR willfully reported on "A.S.'s" 2001 tax return.

TAYLOR also provided the employee with a set of actual receipts from one of the stores that "A.S." frequented for business supplies and told the employee what information he wanted on the false receipts. After creating the false receipts, the employee gave them to TAYLOR. The eighteen false invoice receipts falsely claimed that "A.S." spent an additional \$16,794.26 on business supply purchases in order to help substantiate the inflated business supply amounts that John TAYLOR reported on the 2001 federal income tax return.