



# NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY  
WESTERN DISTRICT OF MISSOURI

**BRADLEY J. SCHLOZMAN**

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**FOR IMMEDIATE RELEASE**

## **TAX PREPARER PLEADS GUILTY TO FALSE TAX RETURNS; TAX LOSS MAY EXCEED \$2 MILLION ON MORE THAN 1,000 RETURNS**

**SPRINGFIELD, Mo.** – Bradley J. Schlozman, United States Attorney for the Western District of Missouri, announced that an Oronogo, Mo., woman pleaded guilty in federal court today to preparing fraudulent tax returns for more than 1,000 clients in which she inflated deductions and exemptions and falsified information. The total tax loss on those returns may exceed \$2 million.

**Carrie A. Shafer**, 38, of Oronogo, pleaded guilty before U.S. Chief Magistrate Judge James C. England this morning to the charge contained in a Sept. 20, 2006 federal indictment.

“This case should serve as an important lesson for thousands of taxpayers who are selecting their own preparers or filing their own returns,” Schlozman said. “Ultimately, each taxpayer is responsible to honestly file an accurate return. Not only will this tax preparer go to prison, but many of her clients will now have to repay the government, with interest, for refunds to which they were not entitled.”

**Shafer** operated TC’s Taxes & More, a tax preparation business, from her home in Oronogo from early 2002 and continuing into 2004. As a solo practitioner, she represented clients before the Internal Revenue Service, both in the preparation of tax returns and as the taxpayers’ representative during the audit process. During this time, she prepared more than 1,475 tax returns, primarily for clients in southwest Missouri. To date, 1,196 of those returns have been audited, analyzed, and compiled.

“The IRS has examined most of the tax returns prepared by the defendant, and found virtually all of them to be false and fraudulent,” Schlozman said. “Once all of the returns are analyzed and compiled, the total tax loss is expected to exceed \$2 million.”

By pleading guilty today, **Shafer** admitted that she greatly inflated itemized deductions and dependent exemptions, and included amounts of false income so that clients would receive the earned income credit, resulting in larger tax refunds. Fraudulent deductions included false medical expenses, charitable contributions, employee business expenses, and self-employment income, which **Shafer** either greatly overstated for wholly fabricated.

**Shafer** misrepresented the tax laws in order to convince clients they were entitled to the refunds claimed. For example, Schlozman said, she told clients they were entitled to deduct clothing expenses because they wore clothes to

work, although they did not wear work uniforms. She told another client he could deduct a trip to Walt Disney World as a job search expense as long as he asked for an application while he was there.

**Shafer** continued to prepare false income tax returns even after she was advised that she was under criminal investigation. She attended five audits of her clients' returns, at which she provided false information to the IRS civil compliance officer in the presence of the criminal investigators, who attended to observe. She also urged her clients to provide false information.

Under the terms of today's plea agreement, the government and **Shafer** agree to recommend that the court impose a sentence of three years in federal prison without parole, which is the statutory maximum penalty. A sentencing hearing will be scheduled after the completion of a presentence investigation by the United States Probation Office.

This case is being prosecuted by Steven M. Mohlhenrich, trial attorney for the Tax Division of the U.S. Department of Justice, and Supervisory Assistant U.S. Attorney Michael S. Oliver. It was investigated by IRS-Criminal Investigation.

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This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

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