



U.S. Department of Justice

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EVENT: Guilty Plea

Defendant: Thomas L. Mercer

**FORMER H&R BLOCK TAX PREPARER
PLEADS GUILTY TO FRAUD AND OBSTRUCTION**

A tax preparer formerly employed by H&R Block pleaded guilty today to 23 counts of preparing false tax returns to generate large fraudulent tax refunds for his clients and to 7 counts of obstructing the Internal Revenue Service's investigation of his conduct, United States Attorney Stephen J. Murphy announced. Mr. Murphy was joined in the announcement by Maurice Aouate, Special Agent in Charge of the Detroit Field Office of the IRS's Criminal Investigation Division.

Thomas L. Mercer, 59, a resident of Romulus, entered the guilty pleas before U.S. District Judge Lawrence P. Zatkoff. At the plea hearing, Mercer admitted that he prepared and electronically filed 23 federal income tax returns for his clients that contained false deductions for business losses, unreimbursed employee expenses, charitable contributions, and college tuition and fees and false claims for tax credits. As a result, his clients received large tax refunds from the IRS to which they were not entitled. The clients then split the refunds with Mercer. Mercer also admitted that after he became aware that the IRS was investigating the

returns he prepared, he sent instructions to some of his clients about what to tell investigators and provided them with documents purporting to justify some of the business expenses appearing on their tax returns.

The IRS is seeking repayment of the excess refunds from Mercer's clients through administrative proceedings.

Mercer was employed as a tax preparer at the office of H&R Block at Telegraph Road and Michigan Avenue in Dearborn, Michigan, from November 2002 to March 2005, when he was terminated for the conduct that led to these criminal charges. Thereafter, Mercer continued his scheme under the name "Mercer's Tax Service."

"This case clearly demonstrates my office's commitment to aggressively prosecute tax fraud. I commend the vigilance of the IRS in detecting this type of crime. We will take all appropriate actions against those who prepare fraudulent tax returns." United States Attorney Murphy said

"No one is entitled to an undeserved windfall and refunds should only be issued to taxpayers who are entitled to them," said Aouate. "Willfully filing a false tax return is the same as stealing. At the IRS, protecting taxpayer money is a matter we take extremely seriously."

There is no plea agreement. Each count to which Mercer pleaded guilty carries a maximum penalty of 3 years' imprisonment and a \$250,000 fine. Mercer could also be ordered to pay restitution to the IRS in the sum of the fraudulently generated refunds, which is about \$330,000. Mercer is scheduled to be sentenced by Judge Zatkoff on November 29, 2007. The government anticipates that Mercer's imprisonment range under the federal Sentencing Guidelines will be six to seven years.

Mr. Murphy noted that H&R Block fully cooperated with and provided valuable assistance to the government's criminal investigation, which was conducted by the Criminal Investigation Division of the IRS. The case is being prosecuted by Assistant U.S. Attorney Stephen Hiyama.