



# NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY  
WESTERN DISTRICT OF MISSOURI

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**FOR IMMEDIATE RELEASE**

## **TAX PREPARER SENTENCED FOR FALSE TAX RETURNS; \$2 MILLION TAX LOSS, MORE THAN 1,000 RETURNS**

**SPRINGFIELD, Mo.** – John F. Wood, United States Attorney for the Western District of Missouri, announced that an Oronogo, Mo., woman was sentenced in federal court today for 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 was approximately \$2 million.

**Carrie A. Shafer**, 38, of Oronogo, was sentenced by U.S. District Judge Ortrie D. Smith this afternoon to three years in federal prison without parole, which is the statutory maximum penalty.

On Feb. 21, 2007, **Shafer** pleaded guilty to assisting in the preparation of a false tax return. **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. Nearly all of them were false and fraudulent, resulting in a total tax loss of approximately \$2 million.

Clients who received tax refunds to which they were not entitled are required to repay the government, with interest.

**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 or wholly fabricated.

**Shafer** misrepresented the tax laws in order to convince clients they were entitled to the refunds claimed. For example, 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 the audits. She also urged her clients to provide false information.

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  
[www.usdoj.gov/usao/mow/index.html](http://www.usdoj.gov/usao/mow/index.html)