



# Department of Justice

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## **MUNCIE MAN SENTENCED TO PRISON FOR \$221,000 INCOME TAX FRAUD**

### PRESS RELEASE

Timothy M. Morrison, United States Attorney for the Southern District of Indiana, announced that STEVEN R. KREPS, 58, Muncie, Indiana, was sentenced to 24 months imprisonment today by U.S. District Chief Judge David F. Hamilton following his guilty plea to making or assisting in the making of false federal income tax returns. This case was the result of an investigation by the Internal Revenue Service, Criminal Investigation Division.

KREPS owns and operates Best Heating and Cooling ("Best"), a Schedule C business, located in Muncie, Indiana. During the years in question, KREPS hired a payroll company to handle payroll, employment taxes and IRS filings for the business.

In 2001, 2002 and 2003, KREPS prepared false Forms W-2, purported to have been issued to him from Best. KREPS submitted these fraudulent Forms W-2 to his tax return preparer for use in preparing his income tax returns. The false W-2s reported employee wages and income tax withholdings regarding KREPS that were not actually paid and withheld. As the owner of Best, KREPS was not an "employee."

During the same time, KREPS also prepared false Forms W-2 for four other individuals employed by Best, which also purported to have been issued from Best. The false Forms W-2 reported inflated wages and federal income tax withholding. KREPS prepared written draft income tax returns for each of these individuals using the false Forms W-2. KREPS then accompanied three of these individuals when they had their returns prepared by H&R Block. KREPS referred the fourth individual to H&R Block for return preparation. The false Forms W-2 were used by the tax preparers to prepare the income tax returns. KREPS received kickbacks from these individuals by charging them a portion of their falsely inflated tax refunds for his services.

The tax loss as a result of KREPS conduct is \$221,009.

According to Assistant United States Attorney James M. Warden, who prosecuted the case for the government, Chief Judge Hamilton also imposed 1 year supervised release following KREPS release from imprisonment. KREPS was fined in the amount of \$10,000 and ordered to cooperate with the IRS in the computation and payment of his tax liability.

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