



IRS Times & Inquirer

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Singer, TV Star Owes \$1 Million to IRS

Former Backstreet Boy Aaron Carter owes the IRS more than \$1 million in unpaid taxes, according to tax lien filed in Los Angeles.

The former House of Carters star and Dancing with the Stars contestant has unpaid taxes that date back to 2003. For that year alone, Carter owes the government \$965,284. He also owes \$45,350 from income earned in 2006.

Carter, who was eliminated from the ninth season of Dancing with the Stars, has not been charged with a crime.

Nebraska Men Could Receive 10 Years, \$250,000 in Fines

Two men from Lincoln, NE, were indicted by a federal grand jury on tax fraud charges that could put them behind bars for 10 years.

Christian Quevedo, 27, and Carlos Carpio, 27, both of Lincoln, were indicted for conspiracy to defraud the United States by filing false claims for income tax refunds totaling \$121,936.00 for the 2005 and 2006 tax years.

According to the indictment, the claims for tax refunds were based on false income tax returns filed by individuals recruited by Quevedo and Carpio. The returns misrepresented the true identity of the employers of the individuals on whose behalf the tax returns were filed and also inflated income and federal income tax withholding amounts of the individuals.

The false returns were based on false Forms W-2s created by the defendants that contained fabricated names of employers, income and federal withholding amounts.

According to the indictment, Quevedo and Carpio caused the inflated income tax refunds to be paid by the IRS to them. They kept most of the money and paid a small portion to the individuals on whose behalf the fraudulent income tax returns were filed.

In addition to prison time, each man could receive fines of up to \$250,000.

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Beat This Trivia Question and Win a \$250 Gift Certificate



"You've been found guilty of embezzling six million dollars. I hereby sentence you to a higher tax bracket."

Florida Man Receives 30 Months for Tax Evasion

After pleading guilty to charges of federal income tax evasion, Carl Libertino, 42, of Sebastian, FL, was sentenced 30 months in prison, to be followed by three years of supervised release. In addition, Libertino was ordered to pay the government \$202,160 in restitution.

According to court records, Libertino did not file personal income tax returns for 2004, 2005, 2006 and 2007. During these years, Libertino received substantial income, which he had not declared, including \$443,160 in 2006. His income came, in large part, from people who believed they were investing their money through Libertino. In addition, to conceal his income and evade taxes, Libertino operated mostly in cash, withdrawing amounts small enough to evade federal currency transaction reporting requirements. Libertino also purchased large ticket items in cash, including, for example, purchasing a new car using a \$20,000 cashier's check and \$7,620 in cash.

Businessman Guilty in Evasion Scheme

Businessman James T. Espinola, 61, of Pelham, NH, pleaded guilty to tax evasion and assisting in the filing of false tax returns. The charges are related to Suburban Middlesex Insulation (SMI) owners Darrell Maclean and Charles Smith, who were charged separately. SMI used laborers supplied by temporary employment agencies to perform asbestos-abatement work in industrial and public buildings in the cities, such as New Bedford, Fall River and Brockton.

From 2001 to 2005, Maclean and Smith engaged in a scheme to evade income tax payments by having Espinola cash checks for them and by declaring those checks as business expenses. Each week, either Maclean or Smith would hand Espinola a second, larger check ranging in amount from \$5,000 to \$15,000. Espinola deposited the checks into his bank account, withdrew the funds in cash and then delivered the cash, minus a cut for himself, to Maclean and Smith at their office. For the years 2001 to 2005, Maclean and Smith failed to report their shares of the cash from Espinola on their tax returns as taxable income.

For the tax years 2001 to 2005, Maclean and Smith deprived the United States Treasury of approximately \$981,880 and \$538,571 in tax payments, respectively. For his part, Espinola concealed approximately \$372,410 of additional tax revenue by falsely understating his income for the same years to his tax preparer, knowing that the tax preparer would rely on his statements in preparing his income tax returns.

ALASKA COUPLE FACES FIVE YEARS FOR EVASION

James L. Jensen and Robin L. Jensen of Cordova, Alaska, were indicted in Anchorage on charges of evasion of tax payments, filing false income tax returns, and failure to file tax returns.

According to the 12-count indictment, James Jensen is a commercial fisherman, and James and Robin Jensen owned a cabin-rental business called Bear's Den Cabins.

According to the charges, James Jensen attempted to evade paying his taxes for years 1994, 1995, 1996 and 1997 – which, by 2001, exceeded \$200,000 – by sending the U.S. Secretary of the Treasury a fictitious financial instrument called a “Bill of Exchange.”

The indictment also alleges that he created a number of nominee entities, including a trust and two corporations — “Eyak River Ministries” and the “Rhema Foundation” — in an attempt to hide income and assets.

Other counts allege that for tax years 1998, 1999 and 2000, the Jensens filed income tax returns with false deductions and expenses that resulted in payment of no taxes.

Finally, the indictment alleges that for tax years 2004, 2005, 2006 and 2007, they failed to file income tax returns.

They face up to five years in prison and a fine of up to \$250,000.

Are You My Client Of The Month?

Every month I choose a very special Client Of The Month. It's my way of acknowledging good friends and saying "thanks" to those who support me and my business with referrals, word of mouth and repeat business.

This month's Client Of The Month is Mr. Joseph Gouthro.

Mr. Gouthro owed the IRS \$82,000 when he retained our firm. We were able to negotiate an Offer in Compromise of 1.9 cents on the dollar, or a savings of OVER \$80,000!! AMAZING!!!!

Congratulations Mr. Gouthro

You might be my next Client Of The Month too! Watch for your name here in an upcoming month.

"Who Else Wants To Win A \$250 Transferable Gift Certificate?"

Take my Trivia Challenge and you could win too!

This is one of my favorite sections. Each month I'll give you a new trivia question. The first THREE people who call my office with the correct answer win a free \$250 reduction on any IRS service I provide. (One per client, please.) And best yet, your certificate is transferable. Use it yourself, or give it to a family member or special friend and help them save money. Take your best guess, then call me at 818-774-1813.

This Month's Mega Trivia Question...

Who won the latest season of Dancing with the Stars?

- a) Kelly Osbourne
- b) Mya
- c) Shakira
- d) Donny Osmond

Call me right now with your answer! 818-774-1813



Get IRS news, commentary, insight, tips and humor from tax expert Michael Rozbruch online at Tax Resolution University
www.taxresolution.com/blog/

ALABAMA BUSINESSMAN GETS 30 MONTHS FOR INCOME TAX EVASION

Timothy Smith, of Cullman, AL, was sentenced to 30 months in prison for tax evasion. As part of the plea agreement, Smith agreed to a binding sentence of 30 months in prison and agreed to pay \$170,380 in restitution to the IRS, including a lump sum payment of \$50,000, which was paid prior to sentencing.

In April 2009, Smith, who is the owner of College Tire in Hanceville, AL, pleaded guilty to one count of tax evasion. According to the indictment, plea agreement and other court records, Smith diverted customer receipts from his tire business into two personal bank accounts.

Smith also used, or directed others to use, cash and cashiers' checks to make substantial principal payments on the mortgage for his vacation home in North Carolina and his vacation home in Pensacola, FL.

In total, Smith diverted more than \$430,000 from his tire business to his personal bank accounts and his mortgages. Smith also purchased real estate in North Carolina near his vacation home with \$68,100 in cash.

According to court records, Smith concealed the funds that were diverted to his personal accounts and his mortgages from his bookkeeper, who prepared both Smith's business tax returns as well as Smith's joint personal returns.

IRS Question Corner ...

Question: After the first of the year, I want to resolve my financial problems, including my tax debt. I've read about and seen you discuss both the Offer in Compromise and the Installment Agreement. Which one is right for me?

Answer: First of all, what you're planning to do is great. I can't think of a better way to start the New Year than to find a way to resolve your financial problems and, most important, settle your tax debt.

Unfortunately, due to the limited information I have on your case, I can't tell you whether to choose the Offer in Compromise or the Installment Agreement. Each one is set up for unique situations. Instead, I'll give you some advice and tell you a little about each program.

Before you do anything else, you need to consult a qualified tax professional. He or she will analyze your previous returns, determine the exact amount you owe the IRS, and chart a course that will work best for you. It's critical that you first meet with a qualified tax professional, as it's possible your situation might not be quite as dire as you think it is.

Once you and your qualified tax professional have determined what you owe, it's time to meet with the IRS.

You should first consider the Offer in Compromise. This program is designed for taxpayers who owe a substantial amount but for whatever reason cannot pay down their debt. If you qualify, you will be able to reduce your tax debt significantly by using the Offer in Compromise program. However, if you do not qualify for this program, I recommend you consider the Installment Agreement. This program allows you to pay down the tax debt over a period of time, in a manner similar to how you might pay down your car loan.

Why don't you come see me? I deal with IRS problems such as yours every day because I'm an IRS problem solver. For a free, no-risk consultation, please call my office at 818-774-1813.

Thank You! Thank You!

Thanks to YOU, the word is spreading. Thanks to my clients and friends who graciously referred me to their friends, clients and relatives last month! I enjoy building my business based on the positive comments and referrals from people just like you.

Bruce Miller, CPA

I just couldn't do it without you!

CONNECTICUT MAN DODGED TAXES FOR 10 YEARS

Vincent Mavilia, 66, of Warren, CT, pleaded guilty to tax evasion. According to court records, Mavilia has owned and operated a number of bars and adult entertainment businesses. However, from 1992 to 2003, Mavilia took steps to conceal from the IRS his ownership of the businesses, and the income he received, by placing them in the name of his adult daughter.

He faces up to five years in prison and a fine of up to \$718,582.

Thanks for the Kind Words...

I am grateful to TRS, all the personnel involved in my case and especially April Serrano, my case manager. April and TRS are the BEST! - J. Gouthro

I'd Like To Hear From YOU!

Whether you'd like to avoid the IRS, contact the IRS, settle with the IRS or just want to refer a friend, relative or client, I'd love to hear from you. I would be happy to provide you or that special person you refer a no-obligation confidential consultation to explain every option available to solve IRS problems.

Tax Resolution Services, Co.

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