



IRS Times & Inquirer

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After Tax Issues, 'Survivor' Winner Says He's Broke

Richard Hatch, the winner of the first season of CBS's hit reality show Survivor, hasn't survived the Internal Revenue Service.

Claiming he's "destitute," Hatch has asked for a court-appointed lawyer to appeal a nine-month sentence for failing to settle his bill in a tax-evasion case.

Hatch, 50, of Newport, R.I., was sent back to prison after violating one of the terms of his release — to pay taxes on his \$1 million in winnings from his appearance on Survivor.

Hatch now claims he does not in fact owe taxes to the U.S. government. Instead, he said, he has evidence showing that he owes taxes to the government of Malaysia, where the reality television show was filmed 10 years ago.

For now, Hatch remains behind bars in West Virginia.

Connecticut Businessman Faces Up to Three Years in Prison

The president of a Connecticut manufacturing company pleaded guilty to one count of filing a false federal tax return.

David Bohn, 46, of Redding, Connecticut, is the president of Danbury-based Preferred Utilities Manufacturing Corporation (PUMC). From 2004 to 2007, Bohn caused PUMC to pay for personal expenses for him and his family. Bohn categorized these personal expenses as legitimate PUMC business expenses, and he also failed to report the personal benefit he received on his individual federal tax returns.

For tax years 2004 to 2007, Bohn failed to report a total of \$228,959.45 in income, resulting in a tax loss of \$75,899 to the IRS.

Bohn faces up to three years in prison and a fine of up to \$100,000. Bohn also is required to pay back taxes, as well as penalties and interest, to the IRS.

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



"You get 3 wishes, but one of them goes directly to the IRS."

New Mexico Man Gets Max Penalty for False Return

A 60-year-old general contractor in Tijeras, New Mexico, received the harshest sentence possible for filing a false tax return — three years in prison.

Robert A. Fout admitted that he concealed from the IRS income he made from his contracting work. Fout admitted he did not report \$16,754 in income in 2005, \$66,961 in 2006, \$32,604 in 2007, and \$322,195 in 2008.

As part of his plea agreement, Fout agreed to pay \$153,416 in restitution to the IRS and \$33,999.84 to the State of New Mexico Taxation and Revenue Department.

Florida Businessman Caused \$1m Tax Loss

The owner and operator of a Florida payroll-processing company pleaded guilty to aiding or assisting in the preparation of false federal tax returns.

From 2005 to mid-2008, Brian Grafton, 46, of Tampa, Florida, was the owner and operator of Payroll Pro Inc. He was in the business of providing various payroll services for business clients including processing payroll, preparing federal payroll tax forms, and collecting and paying the payroll taxes of his clients.

But instead of turning over all of his clients' payroll taxes to the IRS, Grafton stole portions of the money collected. From 2005 to March 2008, Grafton accurately calculated the employees' and employers' portions of payroll taxes for his clients and then informed his clients of their respective tax liabilities.

Grafton collected these taxes to hold for his clients prior to the taxes being paid over to the IRS. However, instead of paying all of these taxes to the IRS, Grafton fraudulently diverted the funds for various business and personal purposes.

In an attempt to cover up the scheme, Grafton prepared tax forms that made sure the amount due to the IRS matched the portion of the money that Grafton did submit to the IRS, minus the amount he skimmed for personal and business use.

In all, Grafton defrauded numerous clients using this scheme, causing \$1 million in tax losses to the IRS. He faces up to three years in prison and a fine of up to \$250,000.

MUSIC SELLER HID CASH PROCEEDS IN BROTHER'S BANK ACCOUNT

A Tallahassee, Florida, man whose business involved selling CDs and DVDs at a flea market was convicted of four counts of tax evasion from his failure to file personal tax returns for the years 2005 to 2008.

From 2005 to 2008, Lennie Fulwood Jr., 42, made cash deposits totaling more than \$1.7 million, which he placed into multiple bank accounts established in Tallahassee. The majority of the cash deposits were made into accounts in the name of Fulwood's brother.

Fulwood used the money in the accounts to purchase \$683,000 in commercial and residential properties, each of which he titled in his brother's name.

Having used his brother as nominee to conceal his assets, Fulwood then failed to file personal tax returns when they became due. The IRS determined that Fulwood had a taxable income of \$1.1 million and owed more than \$300,000 in taxes.

When questioned by the IRS about his failure to file, Fulwood claimed that he had no taxable income and that his cash deposits were attributable to "gifts from friends." Fulwood declined to identify these friends.

Fulwood faces a prison term of up to five years.

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. Marc C.

Mr. Mark C. owed the IRS nearly \$37,000 in back taxes. After several months of negotiations, we were able to settle his debt for just \$500 full settlement, through the IRS's Offer in Compromise program. Congratulations Mr. Mark C.!!!

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...

Which singer recently died at age 27?

- a) Amy Winehouse
- b) Sheryl Crow
- c) Lady Gaga
- d) Tori Amos

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



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insight, tips and humor
from tax expert Michael
Rozbruch online at Tax
Resolution University

www.taxresolution.com/blog/

LAS VEGAS REAL ESTATE AGENT GUILTY ON TAX CHARGES

German A. Posada, of Las Vegas, pleaded guilty to charges of filing a false 2004 individual income tax return and making a false statement in a bankruptcy proceeding.

Posada admitted to filing a false individual income tax return for 2004 that underreported the income from his business as a real estate agent in the Las Vegas area.

From 2003 to 2005, Posada earned commission income from International Realty and another agency. He asked that International Realty issue some of his commission checks in the name of his then-girlfriend. Posada also admitted underreporting his business income on his 2003 filing and failed to file a timely 2005 filing, despite having approximately \$557,212 in income in 2005.

In addition, Posada admitted to making false statements on his bankruptcy petitions about his income and creditors.

As part of his plea agreement, Posada agreed to pay restitution to the IRS in the amount of \$212,016, and to pay restitution to any victims of the bankruptcy fraud, in an amount to be determined by the court at sentencing.

He faces up to three years in prison on the tax charge and five years in prison on the bankruptcy fraud charge.

IRS Question Corner ...

Question: The Offer in Compromise certainly seems like a great deal. You offer less than you owe, right? But I'm a cynic. If it's such a great deal for taxpayers, then it must be untrue. Am I wrong?

Answer: In short, yes, you're wrong.

But your instincts are right: Indeed, as the saying goes, if it's too good to be true, it probably isn't. But in the case of the Offer in Compromise, this is a good deal for the government as well as for indebted taxpayers — which is why this program is available.

Over the years, the IRS has learned that the bare-knuckled, door-beating approach to collecting taxes isn't particularly effective or efficient. It's also resource-intensive and expensive. What the IRS discovered is that a more reasonable, flexible approach can actually result in greater tax collections — and, of course, collecting taxes is the IRS's top priority.

The Offer in Compromise allows the IRS to work with taxpayers who, for whatever reason, are unable to pay down their tax debt. By compromising, the IRS is able to collect some tax revenue in a situation where they otherwise would likely collect none.

This creates an opportunity for indebted taxpayers to settle their debts with the IRS once and for all, and for, as you stated, less than you owe. If you owe a substantial amount to the IRS and are unable to pay down this debt, even over time, then you are a likely candidate for the Offer in Compromise.

Your first move should be to consult a qualified tax professional who will analyze your previous returns, determine exactly how much you owe, and then meet with the IRS on your behalf to negotiate a final settlement amount.

It's really that simple. 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.

Mr. Rick Ross, EA

I just couldn't do it without you!

ALABAMA WOMAN GETS 63 MONTHS ON TAX CHARGES

Lakecia Motley, 32, of Montgomery, Alabama, was sentenced to 63 months in federal prison for tax fraud and ordered to pay \$676,465.49 in restitution to the IRS.

At Motley's plea and sentencing hearings, the prosecutors proved that from 2005 to 2007, she and her co-conspirators filed numerous fraudulent tax returns using stolen identity information. The United States lost a total \$676,465.49 from the false tax returns.

Thanks for the Kind Words...

"I couldn't believe how much I owed the IRS, I owed over \$36K. I called TRS right away. I'm very happy with the outcome, having to pay just \$500, this is great. Thank you." -- Mark C.

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.

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