



IRS Times & Inquirer

Tax Resolution Services, Co., Est. 1997

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Yankees' Aide Didn't Report Players' Tips

The traveling secretary for the New York Yankees pleaded guilty in New Haven, Conn., to one count of filing a false tax return.

The federal government charged David Szen, 56, of Brookfield, Conn., with failing to report tips from players and coaches as income.

Those tips ranged from a few hundred dollars to \$10,000. In pleading guilty, Szen admitted that he failed to report approximately \$53,350 in additional income in his individual income tax returns for the tax periods 2001 through 2005.

Szen faces up to three years in prison and a fine of up to \$100,000. He will also be required to pay about \$10,285 in back taxes, plus penalties and interest.

Forest Service Employee Jailed

A former U.S. Forest Service employee has been sentenced to 21 months in prison for embezzlement and tax fraud charges.

Debra Kay Durfey, 50, of Echo, Ore., previously pleaded guilty in June to single counts of embezzlement and theft of public money or property and preparing a false tax document. She was also ordered to pay \$642,319 in restitution to the U. S. Forest Service.

In Durfey's plea, she admitted she stole money from the Forest Service's account by depositing the Forest Service checks into her personal account. She then used the money to gamble, shop and make payments on her car and mortgage. After Durfey's embezzlement was discovered, she admitted to federal agents that she knowingly embezzled the funds and knew it was wrong.

Durfey also caused a false Form 1099 to be filed with the IRS on behalf of Hollinger, attributing around \$137,000 of the embezzled funds to him in an attempt to hide her embezzlement.

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"Of course there's nothing there. I'm an IRS auditor."

Fire Safety Manager Gets Prison Time

After admitting to defrauded the Rhode Island School of Design out of nearly \$1 million in a fraudulent billing scheme, Patrick Clyne was sentenced to 27 months in months in prison for mail and tax fraud.

Clyne, who was fire safety manager for RISD, set up a shell company that billed RISD for work that was never performed. Clyne admitted to filing a false income tax return for 2003, conceding a total tax loss to the government of \$162,743 between 2001 and 2005. As a condition of supervised release when he finishes his prison term, Clyne must file accurate income tax returns and pay all due taxes, plus interest and penalties.

Mich. Tax-Shelter Promoters Indicted

A federal grand jury in Grand Rapids, Mich., returned a five-count indictment charging three tax shelter promoters with conspiring to promote, market and sell fraudulent tax shelters over a 10-year period. Two of the promoters were also charged with the attempted income tax evasion of a Michigan client, who purchased the fraudulent tax shelter.

According to the indictments, beginning in 1995 Peter J. Peggs of Prides Crossing, Mass., and Robert D. Larsen of Winter Park, Colo., were involved in a criminal conspiracy, along with Craig M. Stone, 63, of Fort Pierce, Fla., to defraud the United States by promoting, marketing and selling a fraudulent tax shelter called a loss-of-income (LOI) insurance policy.

Peggs and Larsen, both officers and directors of Security Trust, promoted and sold LOI policies to wealthy clients in order to generate illegal tax deductions. The indictment alleges that Peggs and Larson took steps to conceal from the IRS the fact that these policies were fraudulent. During the duration of the conspiracy, the defendants sold LOI policies for more than \$12 million in premiums but directed the premiums, minus their fees, back to the purchasers in a manner concealed from the IRS.

Conspiracy to impede the IRS and tax evasion each carry a maximum punishment of five years imprisonment and a fine of up to \$250,000.

FEDS: GA. BUSINESSMAN SKIMMED MORE THAN \$500,000 FROM COMPANY

After federal prosecutors in filed a criminal complaint against a businessman that alleges he skimmed more than \$500,000 from his company, the Dawsonville, Ga., man pleaded guilty to evasion but disputed the amount of taxes evaded.

Robert Merickle, 59, allegedly filed a false tax return in 2001, which failed to report substantial amounts of income from a company he owned and operated, Blue Haven Pools.

According to court records, Merickle spent more than \$200,000 in 2001 from his company's account for personal expenses, such as a 55-foot luxury yacht, but treated those items as business expenses. He also accepted tens of thousands of dollars in cash from customers, which he kept off the books and tax returns.

Although not charged in the information, the government alleges Merickle engaged in similar conduct from 2002 to 2003, which resulted in more than \$500,000 in unreported income.

Merickle has agreed that the 2000, 2002 and 2003 conduct and unreported income will be used to determine his sentence, but disputes the exact amount of the unreported income in those years. He faces up to three 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 Robert Foley.

When Mr. Foley sought our help, he owed the IRS over \$26,000. Our negotiations and advocacy resulted in the IRS accepting a \$4,829 settlement via the federal government's Offer In Compromise program!!!

Congratulations Mr. Foley!

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 politician was recently assassinated in Pakistan?

- a) Benazir Bhutto
- b) Pervez Musharraf
- c) Hu Jintao
- d) Hugo Chavez

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

TENN. MAN JAILED FOR 20 FALSE TAX RETURNS

Rodney F. Harris, 39, of Memphis, Tenn., has been sentenced to serve 15 months in prison and ordered to pay restitution of \$14,479.00 to the Internal Revenue Service.

Harris was charged with 20 counts of aiding and assisting in the preparation of false income tax returns. According to the indictment, Harris prepared 20 federal income tax returns for various people in 2002, 2003 and 2004, that contained partially fraudulent Schedule A Itemized Deductions that those taxpayers were not entitled to claim. Harris pleaded guilty to three of those counts.

MASS. MAN GETS CONFINEMENT FOR TAX EVASION GUILTY PLEA

After pleading guilty to tax evasion, Ermino S. Barbalunga, 58, of Dalton, Mass., was sentenced to nine months of community confinement, nine months of home confinement, an additional 18-month term of probation and a \$200,000 fine.

According to government evidence, from 1999 to 2003, Barbalunga used more than \$440,000 in business income to pay for personal expenditures. Additionally, Barbalunga failed to declare these payments as income on his personal federal tax returns. Barbalunga's total unpaid federal income tax, plus penalties and interest for the years 1999 to 2003, was \$622,355.14.

IRS Question Corner ...

Question: I've heard a lot of inconsistent information, so give it to me straight, please: What is the Offer in Compromise program and would I qualify for it?

Answer: To answer your question, let me first give some background: For decades agents with the Internal Revenue Service chased deadbeat taxpayers, literally banging on doors to try to collect revenue for the U.S. government. In some cases, that hard-line tactic worked, but in many cases, it did not.

Over time, the IRS discovered that a kinder, gentler collection tactic can be just as effective, if not more effective. Enter the Offer in Compromise program. Many taxpayers were running from the IRS not because they didn't want to pay but because they couldn't pay.

The Offer in Compromise program is for these taxpayers. If for whatever reason you have amassed a substantial amount of tax debt but are not in a position — and likely will not be in a position in the future — to pay that tax debt, then you may qualify for the program.

Here's how it works: The first thing you should do is consult a qualified tax professional. He or she will analyze your returns to make sure you are not obligating yourself to pay the IRS even a penny more than you owe. Once you and your qualified tax professional have determined the exact amount of your tax debt, you will meet with an IRS agent and negotiate a settlement agreement. This settlement agreement will be an amount you will pay that will eliminate your tax debt once and for all — and this agreement oftentimes amounts to pennies on the dollar.

For taxpayers who qualify for the Offer in Compromise program, it can mean the end of all of their IRS nightmares.

I solve IRS problems like yours every day. 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.

Tim Conway, Jr. and Gary Friedman

I just couldn't do it without you!

ATTORNEY EVADED TAXES ON \$1.8 MILLION IN INCOME

Attorney Joseph Richichi, 61, of Stamford, Conn., was sentenced to 16 months in prison for tax evasion. According to court records, Richichi evaded paying taxes on more than \$1.8 million he earned from 2000 to 2005. Richichi admitted that he failed to pay more than \$600,000 in taxes that were due for those tax years. He has paid full restitution of \$614,231 to the IRS and an additional \$763,076.37 in civil fraud penalties and interest.

Thanks for the Kind Words...

"Excellent customer care service. They were very friendly and professional. Right from the start I was greeted with re-assurance and confidence after previously being told by a big name company that there was nothing they can do to help me."

- R. Foley

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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