



IRS Times & Inquirer

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Tax Shelter Trial Nets Convictions of Three in New York

Three men were convicted following a ten-week jury trial in Manhattan that addressed the design, marketing and implementation of tax shelters.

John Larson, 57, a former senior manager at KPMG, and Robert Pfaff, 58, a former partner at KPMG, were the founders of Presidio Advisory Services, which purported to be an "investment advisor" for various tax shelter products. R.J. Ruble, 63, was a partner at the law firm of Brown & Wood.

From at least 1998 to 2000, Larson, Pfaff and Ruble were involved in the design, marketing, and implementation of a tax shelter known as BLIPS. The defendants represented that BLIPS could be used to completely eliminate either the capital gains or ordinary income of tax shelter clients who had at least \$20 million in income in that year, effectively purporting to eliminate millions of dollars in taxes.

Each man faces up to five years in prison.

Feds: Ohio Doc Tried to Conceal \$950,000

An Ohio physician has been charged with trying to conceal more than \$950,000 in income. A federal grand jury indicted Dr. Dominic Joseph Maga, 60, of Dayton, charging him with tax evasion and willful failure to file income tax returns on his taxable income of more than \$220,000 per year for the past four years.

Maga is an emergency room doctor employed at Grandview Medical Center and Southview Hospital, both located in Dayton. The nine-count indictment includes four counts of tax evasion for attempting to conceal his income of \$260,078.85 in 2003, \$255,369.89 in 2004, \$240,287.91 in 2005 and \$220,996.40 in 2006.

Each count of tax evasion is punishable by up to five years in prison and a fine of up to \$250,000. The indictment also alleges five counts of willful failure to file an income tax return for the years 2002 through 2007. Each count is punishable by up to one year in prison and a fine of up to \$100,000. If convicted, Maga's sentence would also include payment of all taxes due plus penalties and interest, as well as the costs of prosecution.

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



"Sorry, but I never reveal what tax bracket I'm in on a first date."

Man Admits to Fraud, Income Tax Evasion

A former Wayne, N.J., resident who operated a mortgage and real estate business pleaded guilty to tax evasion, admitting he failed to report to the IRS nearly \$836,500 of income — a portion of which represented proceeds from fraudulent mortgage transactions.

Russell Mainardi, 51, of Hyland Mills, N.Y., admitted he permitted mortgage loans to be made to borrowers based on false information submitted to the banks.

He then directed commissions and proceeds from the real estate transactions to a company bank account that he used to hide the income from the IRS.

Mainardi pleaded guilty to a one-count information charging tax evasion. He faces up to five years in prison and a \$250,000 fine.

Int'l Businessman Did Not Report Thousands of Dollars, Now Headed to Prison

An international businessman will spend the next year and a half behind bars after failing to report hundreds of thousands of dollars in income.

Thomas Rikki Farr, 66, of Scottsdale, Ariz., was sentenced to 18 months in federal prison for willfully filing a false income tax return.

Farr will also be placed on one year of supervised release upon his release from federal custody.

When Farr pleaded guilty in June 2008, he acknowledged that on his 2004 tax return, he reported \$3,820 for total income when in fact he had received \$743,346 in additional commission income from his association with Zylux Acoustic of Hong Kong.

Farr also admitted that he knew he was required to disclose this income on his 2004 tax return, but he knowingly and intentionally omitted it.

Farr also acknowledged that, in 2005, he received \$385,356.58 in additional commission income from his association with Zylux Acoustic which should have been reported on his 2005 tax return.

LAS VEGAS ATTORNEY GETS 15 MONTHS IN PRISON FOR EVASION

A Las Vegas lawyer who previously pleaded guilty to tax evasion and willfully failed to file federal income tax returns or pay any taxes for a five-year period was sentenced to 15 months in federal prison.

Mark A. Lobello was indicted by the federal grand jury in November 2006. According to court records, Lobello handled business disputes, personal injury lawsuits and divorce matters. From 1997 and 2001, Lobello earned more than \$600,000 in income but failed to file federal income tax returns or pay any federal income taxes for the those years, even though he owed the IRS more than \$140,000. Lobello also attempted to conceal his income from the IRS by dealing in cash and mixing business funds with personal funds.

"Everyone, including attorneys like Mr. Lobello, has a duty to comply with federal tax laws and has an obligation to file accurate tax returns and timely pay their taxes," said Nathan J. Hochman, Assistant Attorney General of the Justice Department's Tax Division, in a statement. "If they violate these laws, the consequences are severe — indictment and criminal prosecution, being branded a felon for the rest of their lives, significant prison time, and the requirement to pay back all the taxes plus steep penalties and interest."

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 Merlinda Metz.

When Ms. Metz contacted our firm, she owed the IRS over \$85K. Our negotiations resulted in the IRS accepting a little over \$2K, via the federal government's Offer In Compromise program, A savings of over \$83K. Outstanding!!!

Congratulations Ms. Metz.

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 comedian stars in the movie *Bedtime Stories*?

- a) Adam Sandler
- b) Chevy Chase
- c) Jim Carrey
- d) Will Ferrell

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/

TEXAS COUPLE GUILTY ON TAX CHARGES

Thomas B. Parker, 64, and his wife Margaret A. Parker, 65, were each found guilty of seven counts of filing false tax returns and five counts of failure to file a tax return following a two-day jury trial. The couple caused a potential tax loss to the government of \$106,564.

According to court records, the Parkers filed amended U.S. Individual Income Tax Returns for 1993, 1995, 1996, 1997, 1998, 1999 and 2000 in which they falsely represented they had no taxable income, they owed no taxes, and sought a refund. They also failed to file tax returns for 2002, 2003, 2004, 2005, and 2006. They were indicted by a federal grand jury on June 25, 2008.

They each face up to three years in prison and a fine of up to \$100,000.

ARIZ. MAN FINED \$20,000 FOR TAX EVASION

Darrell Forest May, 58, of Phoenix, was sentenced to five years of probation and fined \$20,000 after pleading guilty to tax evasion. From July 2000 to December 2005, May attempted to evade the payment of income taxes for tax years 1998, 1999 and 2000. To conceal his income and evade payment of taxes, among other ways, he filed false W-4 forms in which he claimed "exempt" status and did not use bank accounts levied by the IRS. In all, May evaded \$98,770 in taxes.

IRS Question Corner ...

Question: Things aren't going well. I maxed out my credit cards to be able to give my kids the type of Christmas they're used to having. All the while, I felt dread. That's because I owe a huge amount to the IRS — about the same amount I expect to make in total income in 2009. What can I do?

Answer: First of all, don't panic. Put that dread to the side as best you can.

Now, I'm not sure how you came to amass so much in IRS debt, but it really doesn't matter. You need to know you have options.

The first thing you should do is consult a qualified tax professional. He or she will analyze your current financial situation, previous tax returns and other records to determine exactly how much you owe the IRS. After all, why be in a position in which you're obligating to pay yourself even a penny more than you owe?

Although I don't know the particulars of your situation — these are things you'll want to discuss with your tax professional — I suspect there is a good chance you qualify for the Offer in Compromise program.

This program is designed for people who, for whatever reason, are absolutely incapable of paying off their tax debt. Under this program, you and your tax professional will negotiate with the IRS a final settlement amount that will retire your tax debt once and for all. Oftentimes, this settlement amount to pennies of the dollar of your tax debt.

Honestly, for those who qualify, it's that simple. The Offer in Compromise program can be a powerful tool in helping you finally wipe out that tax debt — and rid yourself of that awful dread.

I help taxpayers such as you 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.

William Byerly and Matthew Cinquanta

I just couldn't do it without you!

LIVESTOCK SALES MEAN TAX TROUBLE IN NEBRASKA

Melvin Buckley, 77, of Gothenburg, Neb., was fined \$30,000 and sentenced to five years of probation for filing a false income tax return for the year 2001. Buckley was charged with filing a false income tax return for 2001 by reporting sales of livestock from his ranch business which he reported to be \$191,441 when, in fact, the sales were determined to be approximately \$393,142.

Thanks for the Kind Words...

"Although I had moments of frustration, because the process is frustrating, I was very happy with the way things were resolved. It is a huge relief to have my back taxes dealt with. I would have never been able to make a dent on my own in what I owed". -M. Metz

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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