



IRS Times & Inquirer

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Oops! Federal Workers Owe \$3 Billion

The Internal Revenue's compliance department found trouble in the backyard. As of Sept. 30, more than 276,000 federal employees and retirees owe \$3.04 billion in back taxes.

Federal workers had an overall delinquency rate of 2.9 percent. The Department of Housing and Urban Development boasted the highest delinquency rate among employees at just over 4 percent.

"It's not right for a few to shirk their obligations, and it's especially offensive that these tax delinquencies come from federal employees and contractors," said Sen. Chuck Grassley of Iowa told the Associated Press.

Florida Politico Guilty of Laundering and Tax Evasion

A former Broward County, Fla., commissioner and county mayor pleaded guilty in December to conspiring to launder money and to filing a false tax return.

During the plea hearing, Josephus "Joe" Eggelletion, 60, of Lauderdale Lakes, Fla., admitted to intentionally conspiring with others to assist in the laundering of money represented by FBI undercover agents as coming from a purported high-yield investment "Ponzi" scheme and to evade paying federal income taxes on the cash fees he received for laundering this money.

More specifically, Eggelletion admitted that he introduced the FBI undercover agents to co-conspirators Ronald Owens and Joel Williams, who assisted the undercover agents in meeting with Bahamian attorney Sidney Cambridge to open a Bahamian bank account to launder their money.

The undercover agents had represented to Eggelletion and others that the money originated from a high-yield investment fraud scheme.

Eggelletion faces up to five years in prison.

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



"This return looks mighty suspicious, Irv. This family spent less than they earned."

IRS Files Tax Lien for \$33 Million

The Internal Revenue Service filed a tax lien against Girls Gone Wild creator Joe Francis for \$33 million.

The government alleges Francis, whose videos of shirt-lifting co-eds have made him wealthy, owes back taxes from 2001, 2002 and 2003.

For Francis, this represents another battle in his ongoing war with the IRS. On Nov. 6, he was sentenced to time served and a year of probation after pleading guilty to two misdemeanor counts for filing false income tax returns and bribing jail workers. He was also ordered to pay nearly \$250,000 in restitution.

Francis, who told the celebrity news website TMZ.com that the IRS had seized more than \$100 million in cash from his accounts, commented: "This is total retaliation for me beating them in court."

Minnesota Man Failed to Pay \$332,162

A federal trial jury in St. Paul, Minn., convicted a 53-year-old Minneapolis man of evading payment of at least \$332,162 in federal income taxes owed for tax years 2002 to 2005.

Steven Mark Renner was found guilty of four counts of tax evasion. According to court records, Renner diverted substantial funds from his business, Cash Cards International, between 2002 and 2005 to pay his personal living expenses as well as to make personal investments in coins, oil wells, art, stamps and vintage musical instruments. Renner also used CCI funds to promote his musical band, Stevie Renner and the Renegades.

From 2001 to 2006, Renner owned CCI, an Internet-based stored-value card and money-transmission business, with locations in Minnesota, South Dakota and Hawaii.

Although he was legally obligated to file federal income tax returns and pay all federal taxes owed, he failed to file his income tax returns for tax years 2002 to 2004 until March 5, 2006, the date on which he also filed his 2005 federal income tax return. Moreover, he failed to pay the \$332,162 in taxes due and owing for those years.

"Honest, hardworking taxpayers pay the price when others choose to evade their tax obligations," said Julio La Rosa, Acting Special Agent in Charge of the IRS-Criminal Investigation Division's St. Paul Field Office, in a statement.

Renner faces up to five years in prison.

MAN FACES FIVE YEARS FOR TAX EVASION

Terry L. Davis, 40, formerly of Winsted, Conn., and currently residing in Las Vegas, pleaded guilty to one count of tax evasion and one count of currency structuring.

According to court documents, on May 1, 2008, Davis attempted to evade paying a large part of federal income taxes owed by filing a fraudulent individual return in which he stated his taxable income for the calendar year 2007 was \$133,804, and with tax due and owing of \$47,700, when, in fact, he had a taxable income of \$784,537, with a tax due and owing of \$287,388.

Davis has admitted that, for the tax years 2004 through 2007, he failed to pay a total of \$463,623 in federal taxes.

In addition, between 2005 and 2007, Davis knowingly structured cash transactions to evade the currency transaction reporting requirements of federal law, which require financial institutions to file a Currency Transaction Report (CTR) when an individual conducts a cash transaction of more than \$10,000.

For example, on consecutive days in December 2006, Davis made cash withdrawals from his account at People's Bank in the amounts of \$8,000 and \$9,500 respectively.

Davis faces up to five years in prison and a fine of up to \$250,000 on each count.

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. Charles Mitchell.

Mr. Mitchell owed the IRS over \$5 million dollars. Yes, you read correctly, \$5 million. This case was more time consuming than some of our cases, but our negotiations and advocacy resulted in the IRS accepting a \$13,956.00 settlement via the federal government's Offer In Compromise program!!! Amazing!! Congratulations.

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 golfer made headlines recently for his marital infidelities?

- a) Tiger Woods
- b) Arnold Palmer
- c) Phil Mickelson
- d) Steve Stricker

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/

DELEWARE MAN SOLD ILL-GOTTEN SOFTWARE, THEN DIDN'T REPORT TAXABLE INCOME

A Delaware pleaded guilty to one count of mail fraud and three counts of tax evasion in an elaborate scheme to defraud computer maker Dell.

According to court records, between 2005 and 2008, Ning Zhu, 32, of Newark, Del., defrauded Dell of approximately \$102,000 by fraudulently obtaining software in connection with the purchase of personal computers.

During the course of hundreds of transactions with Dell, Zhu, using multiple false names and addresses, claimed not to have received software that he had in fact received. Through this deception, Zhu obtained duplicate copies of the software, which he then sold unlawfully.

On his tax returns, Zhu falsely stated that his income for 2005 was \$4,603, and that the amount of tax due was \$0. In fact, his taxable income for 2005 was \$300,333, and the amount of tax due was \$79,701.

He made similarly false statements in 2006 and 2007, grossly underreporting his income from the sale of the ill-gotten software.

On the mail fraud charge, Zhu faces a maximum up to 20 years in prison and a \$250,000 fine. On each of the three tax evasion charges, he faces up to five years in prison and a \$250,000 fine.

IRS Question Corner ...

Question: New Year's Resolution: I want to get rid of my tax debt! I owe a lot too. A LOT! Between a failed business and bad tax advice, I owe low six-figures. I don't even have that much money! What can I do?

Answer: Yours is perhaps the best New Year's Resolution I can even imagine. Eliminating your tax debt once and for all is one of the best things I think you can do — not only from the obvious financial perspective, but from a mental perspective as well. I've heard from clients time and time again how relieving it is to have the taxman finally off your back.

So what should be your plan of attack be? The first thing you should do is consult a qualified tax professional. He or she will analyze your previous returns, current financial situation and other data and records to determine exactly how much you owe the IRS.

Based on some of the facts you offered in your question, I would guess the Offer in Compromise program might be your best option. The Offer in Compromise is intended for taxpayers who, for whatever reason, are unable to pay their tax debt, even over time. This could be due to a failed business, illness, legal judgments — any numbers of reasons. But no matter the reason, if you as the taxpayer can prove to the IRS that you are unable to pay the debt, the IRS will in certain cases agree to an Offer in Compromise.

This Offer in Compromise can effectively reduce your tax debt by pennies on the dollar, giving you a payoff amount that is not only substantially lower than the amount you owe but which is something you can realistically pay. I suggest you talk to your tax professional specifically about an Offer in Compromise. If, by chance, you do not qualify for the program, you have other options as well, including the Installment Agreement.

I know Offers in Compromise well, and 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.

Lori K. Toomas and Gary & Blanca Jones

I just couldn't do it without you!

BUSINESSMAN GUILTY OF FILING FALSE RETURN

Jesus Mena, of Miami, pleaded guilty to filing a false income tax return for tax year 2003. Mena was the owner of Destiny Erectors, a construction company that provided labor for the installation of rebar. During the 2002 through 2004 tax years, Mena cashed checks that were not included on the tax returns. He faces up to three years in prison.

Thanks for the Kind Words...

"When I found out how much I owed the IRS, I did not know what to do. I had no way to repay this debt. I found hundreds of companies making claims that bordered on implausible and which made selecting the right company as daunting as the tax problem itself. Eventually I decided to hire TRS. The people at TRS are the best at what they do, and they can help resolve your tax problem".
- C. Mitchell

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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