



IRS Times & Inquirer

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Ohio Man Loses Bet With IRS

An Ohio gambler will spend the next 18 months in prison after pleading guilty to tax evasion charges.

Paul E. Sabatino, of Streetboro, Ohio, who pleaded guilty to the charge, was also ordered to perform 150 hours of community service and continue treatment for gambling addiction. From 2002 to 2005, Sabatino embezzled approximately \$1.7 million from a client of the CPA firm where he worked as an accountant. During that period, Sabatino incurred gambling losses exceeding the amount of the embezzlement and he used most of the embezzled funds to pay his gambling debts. Sabatino attempted to evade taxes of approximately \$510,079 owing for those years by concealing the embezzlement income and laundering the money.

During the years 2002 to 2004, Sabatino deposited approximately \$1.2 million of the embezzled funds into a bank account he maintained in the name of a nonexistent landscaping business. He reported only \$228,200 of those funds on his tax returns, by showing them as Schedule C business receipts of the purported landscaping business. Later, Sabatino began laundering the embezzled funds with the help of a friend.

Church Sound Man Evaded Taxes

A Tennessee man, in pleading guilty to tax charges, told the court he owes the federal government more than \$300,000.

Charles Grecco, 44, of Franklin, Tenn., was sentenced to serve 6 months in prison after pleading guilty to two counts of failure to pay taxes to the United States. According to the government, Grecco failed to pay more than \$67,000 in federal income taxes for years 2001 and 2002. During the plea hearing, Grecco admitted that, while operating the business Sterling Group Audio, he did not make estimated tax payments as required by law. Grecco's business consisted primarily of installing complex sound systems in church auditoriums across the United States.

The investigation revealed Grecco lived a lavish lifestyle during the time that he failed to pay his tax liabilities. His personal expenditures during that time included Lasik eye surgery, elective plastic surgery, generous church donations, dance lessons, home-school tuition, several luxury vehicles, two expensive homes and a vacant lot.

Grecco admitted that as of May 17, 2007, he owed more than \$300,000 in taxes, penalties and interest for tax years 2000 to 2005.

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



"I'm being audited by the IRS next week. So I was wondering if you'd write them a note stating that in your opinion I'm legally insane?"

Texas Woman Did Not Report Nearly \$500,000

A Texas woman faces up to three years in prison after pleading guilty to tax charges.

Donna J. Nelson, of Sulphur Springs, Texas, pleaded guilty to false income tax reporting. According to information presented in court, Nelson admitted to understating her 2006 income by \$136,100 on her Form 1040 U.S. Income Tax return.

Other court documents also showed she had similarly underreported earnings for tax years 2003 through 2007, totaling \$479,781.36. This resulted in an overall tax loss of \$135,171.24.

Tax Shelter Dealer Faces 5 Years

A financial services consultant based in Memphis pleaded guilty in New York to conspiracy to defraud the IRS in connection with tax shelters marketed by the accounting firm Ernst & Young.

According to the information filed in Manhattan federal court and statements made during the guilty plea, 46-year-old Charles Bolton, from 1998 to 2002, was involved with an E&Y group, known initially as "VIPER" for "Value Ideas Produce Extraordinary Results," and later as "SISG" for "Strategic Individual Solutions Group," that designed, marketed and implemented high-fee tax strategies, including tax shelters that purported to eliminate, reduce or defer taxes on significant income or gains.

The shelters purported to allow wealthy individuals to pay a percentage of their income in fees to E&Y, Bolton's companies, and other participants in the transactions, rather than paying taxes to the IRS.

The two shelters the Bolton companies implemented, known as Contingent Deferred Swap and CDS Add-On, involved financial trades that were implemented and overseen by the Bolton companies and other entities.

Bolton himself made millions of dollars from his involvement in the shelter transactions and ownership of the related companies.

Bolton faces up to five years in prison and will be sentenced in April.

FOUR N.C. WOMEN SENTENCED IN TAX FRAUD CASE

In Wilmington, N.C., four women were sentenced for their involvement in a tax fraud scheme.

Pamela D. Evans, 33, received 15 months in prison; Bertha Battle, 28, received 15 months in prison; Tasha Battle, 28, received 180 days of home confinement with electronic monitoring; and Gwendolyn P. Evans, 49, received one month in prison and up to 150 days of home confinement with electronic monitoring.

All four pleaded guilty to conspiring to defraud the government and filing false claims.

From January 2004 to April 2004, according to the indictment, the four defendants, while employees of Independent Tax Service in Rocky Mount, N.C., made claims for refunds from the IRS by filing or causing others to file false 2003 federal income tax returns.

The four women inflated wages and/or withholdings and listed false dependants and/or false dependant information to qualify clients for the earned income credit in IRS Forms 1040 and 1040A individual tax returns. They also allegedly sold fraudulent dependent information to some clients so they would qualify for a larger refund and claimed education credits for clients who were not entitled.

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 Sandee King.

Ms. King was in debt with the IRS when she contacted our office. She owed more than \$30,000. After several months of negotiations, the IRS agreed to accept payment of just \$3,223.00 to settle!! Amazing!!

Congratulations Ms. King.

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...

Whom did President Barack Obama appoint Secretary of State?

- a) Hillary Clinton
- b) Bill Richardson
- c) John Kerry
- d) Rahm Emanuel

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



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from tax expert Michael
Rozbruch online at Tax
Resolution University
www.taxresolution.com/blog/

ORE. MAN PLEADS GUILTY TO TAX EVASION

Mark Arthur Henriksen, 56, of Monmouth, Ore., pleaded guilty to one count of income tax evasion for the year 2001.

In 2001 and 2002, Henriksen was a principal of Applied Technical Systems, a business in Lake Oswego that installs commercial data networks. In response to a prior IRS levy against him, Henriksen used a friend to act on his behalf as a nominee shareholder of the company in order to circumvent that levy. Henriksen evaded the assessment of his income taxes by instructing employees to make his bonus checks payable not to him, but instead to shell companies he had created.

Henriksen faces up to five years in prison and a fine of up to \$100,000.

ARCHITECT GUILTY OF TAX EVASION

Architect Jeffrey Alan Carrithers, of Portland, Ore., pleaded guilty to one count of income tax evasion for the year 2000.

According to the plea, Carrithers received substantial taxable income in 2000 and owed a substantial amount of tax. He willfully attempted to evade taxes, however, by concealing his true taxable income from the IRS and by failing to pay the tax due and owing.

IRS Question Corner ...

Question: I owe back taxes to the IRS. But how do I know if this Offer in Compromise will work for me? Am I eligible?

Answer: I can't say for certain whether you are eligible until I have an opportunity to meet with you in person and analyze your records. But certainly, if you owe back taxes to the IRS and you are unable to pay the debt, you may be eligible for this program.

First, I think it's important to understand what the Offer in Compromise is and why it exists: For years, the IRS chased tax debtors and tried aggressive, so-called "door-beating" measures to collect the debts. Ironically, what they discovered is that, in some cases, a kinder, gentler approach is more effective. Enter the Offer in Compromise. For those with tax debt who are no longer in a financial situation that would allow them to pay down the debt, the Offer in Compromise allows for a one-time settlement that will wipe out IRS debt once and for all. Often, the settlement amount comes to pennies on the dollar.

Why does the IRS offer this? Because collecting some money with minimal effort is much better for the government than collecting little, if anything, with extreme efforts. It's really that simple.

Now, for you as a taxpayer with debt, you should first consult with a qualified tax professional. He or she will analyze your previous returns and current situation to determine if you qualify for the Offer in Compromise program. If you do, you and your tax professional will meet with the IRS and negotiate a final settlement amount once and for all.

That's it. Of course, as I mentioned, only certain people qualify for this program. While the IRS isn't seeking to bankrupt anyone, the tax-collecting arm of the government won't look kindly on people holding enormously valuable assets.

I deal with Offer in Compromise cases 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.

Peter Kimble, CPA

I just couldn't do it without you!

TENN. BUSINESSMAN GETS 8 MONTHS FOR EVASION

Thoeun Chan, 52, of Germantown, Tenn., was sentenced to eight months in prison and ordered to pay \$207,142.30 in restitution following his guilty plea for tax evasion. Chan, owner of Handiworks Jewelry and Winchester Pawn and Jewelry in Memphis, admitted he failed to report about \$274,875 in income for 2001 and about \$277,277 in income for 2002. These false returns resulted in a tax loss of approximately \$207,142.30.

Thanks for the Kind Words...

"I'm most impressed as to how my case was handled. Having my tax situation solved has changed my life for the better I will be forever grateful". - S. King

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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