



IRS Times & Inquirer

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Pro Golfer Faces Tax Charges

Professional golfer Jim Thorpe faces four counts of failure to file an income tax return and three counts of failing to pay income taxes.

According to prosecutors, in addition to being a golfer on the PGA Champions Tour, Thorpe earned income by playing in PGA events and from various endorsements. He also was the sole officer and director of a Florida corporation known as JLT Inc.

Thorpe, 59, of Heathrow, Fla., allegedly failed to file on a timely basis his personal income tax returns for the years 2002, 2003, and 2004; failed to file on a timely basis the corporate income tax return for JLT Inc. for the year 2003; and failed to pay his personal income taxes for the years 2002, 2003, and 2004. The total unpaid income tax for the three years is about \$1.6 million, the government alleges.

Thorpe faces up to seven years in prison, a \$3.2 million fine and seven years of supervised release.

Fla. Doctor Fails to Evade IRS

A doctor in the Orlando, Fla., area pleaded guilty to one count of failure to file an income tax return.

According to the plea agreement, Nelson V. Vazquez, 48, of Deltona, Fla., intentionally did not file income tax returns from 2002 to 2004. The total amount of unpaid taxes for those three years was \$54,140.

Vazquez, a medical doctor licensed to practice in Florida, worked as a temporary physician for other physicians and for medical placement companies from 1991 to 2005. He requested that his employers issue his compensation checks to an employee-leasing company. The employee leasing company then received Vazquez's compensation checks, deducted its fees, and paid Vazquez as a "leased worker." The employee leasing company, however, did not file Form 1099s or Form W-2s reporting Vazquez's income. This allowed Vazquez to hide his income from the IRS. Vazquez last filed income taxes for the 1995 tax year.

During the IRS audit process, Vazquez sent letters to an IRS Revenue Agent disputing the agent's examination authority and argued against the constitutionality of the federal income tax system.

The doctor faces up to one year in prison and a fine of \$108,280.

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



"All of his classmates, teachers, and his brothers and sisters are scared stiff of him. So we're pretty sure he'll work for the IRS."

Chicago Businessman Deals with Tax Charge

The president of a Chicago government relations and economic development firm was charged with filing a false federal corporate income tax return for allegedly underreporting his firm's taxable income.

Illinois Development Services Corporation president Anthony B. Bruno, 56, was charged in a single-count criminal information alleging he filed a federal corporate income tax return for Gray & Associates for calendar year 2001 which stated that Gray & Associates' taxable income was negative \$101,239, knowing that the firm's taxable income was in excess of that amount.

If convicted, Bruno faces up to three years in prison and a \$250,000 fine.

In L.A., 'Son of Boss' Defeated

In a 52-page ruling, a federal judge in Los Angeles invalidated a popular abusive tax shelter scheme used by prominent real estate investors James Thomas and Edward Fox of Los Angeles.

Thomas, a former IRS attorney, and Fox owned real estate in the Los Angeles area, including interests in the Library Tower and the Wells Fargo Center. In 2001, they sought out an abusive tax shelter known as "Son of Boss." Thomas and Fox purchased a financial option they claimed would have protected them against a decline in real estate values.

Judge John F. Walter, however, determined the option was simply designed to fabricate tax basis in certain partnerships. The court rejected Thomas's attempt to claim an increase in tax basis of \$100 million despite paying only \$1.5 million for the transaction at issue. Similarly, the court rejected Fox's attempt to claim a \$45 million increase in tax basis despite paying only \$675,000. According to the court, Thomas and Fox "obviously recognized" the tax benefits to this fabricated basis.

Most of the more than 2,000 taxpayers who used the "Son of Boss" scheme settled their cases with the IRS, paying the full tax and part of the penalties owed, and the IRS announced in 2005 that it had collected nearly \$4 billion as a result of those settlements. The government warned taxpayers who did not settle that it would pursue those cases in court and seek the maximum penalty allowed.

COUPLE SENTENCED FOR PONZI SCHEME, INCOME TAX EVASION

Shirley G. Graybill, 72, of North Haven, Conn., was sentenced to two years of probation — the first four months of which she must spend in home confinement — after pleading guilty to one count of making and subscribing to a false 2002 tax return.

According to court records, the Triple Diamond Foundation was an entity created by Graybill and her husband, Dale L. Graybill, purportedly to fund cancer research — but which did not have tax-exempt status from the IRS. The Graybills controlled the Triple Diamond Foundation and its bank account. During the 2002 tax year, the Graybills transferred about \$350,000 from the Triple Diamond Foundation account, used those funds as income, and failed to pay about \$93,293 in federal taxes.

On October 13, 2003, Graybill filed a tax return with the IRS in which she failed to claim her actual taxable income, which was approximately \$316,519.79.

The Graybills also must pay \$93,293 to the Internal Revenue Service. In addition, Dale Graybill was sentenced to 48 months in prison following his conviction on one count of mail fraud stemming from his operation of a multimillion-dollar Ponzi scheme in which he solicited investments for fictitious investment programs.

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. William Hartshorn.

Mr. Hartshorn owed over \$320,000 to the IRS. Our negotiations and advocacy resulted in the IRS accepting a \$100.00 Offer In Compromise to settle his debt. That's ONE HUNDRED DOLLARS!!!!!! A SAVINGS OF \$319,000!!!!!!

Congratulations Mr. Hartshorn.

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 movie won eight Oscars at this year's Academy Awards?

- a) The Raja
- b) Slumdog Millionaire
- c) The Wrestler
- d) The Dark Knight

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/

COLO. COUPLE CHARGED WITH TAX EVASION

Cheryl McMillan, 56, and Marion McMillan, 61, of Monument, Colo., were charged with tax evasion. The government alleges the husband and wife filed false and fraudulent tax returns that substantially underreported income for the tax years 2003 and 2004.

Cheryl McMillan faces two counts of tax evasion, while her husband Marion faces one count of tax evasion. They both face up to five years in prison and a \$100,000 fine for each count.

"Tax scofflaws may wind up behind federal bars," said United States Attorney Troy Eid in a statement.

MICH. MAN GETS 22 MONTHS FOR TAX ISSUE

Richard Blanchard, 52, of Warren, Mich., was sentenced to 22 months in prison and ordered to pay \$195,000 in restitution to the IRS.

In August 2007, a federal jury convicted Blanchard on 18 counts of failure to account for and pay over employee withholding taxes.

From 1997 to 2003, Blanchard operated R. Blanchard Construction Company, which provided excavation and snow removal services. He withheld \$195,000 in taxes but failed to pay the money to the IRS.

IRS Question Corner ...

Question: Given what you've said before, I don't think I qualify for an Offer in Compromise. But that doesn't mean I'm not in tax debt that's keeping me awake at night. What can I do?

Answer: You're right — partially. Not everyone qualifies for the Offer in Compromise program, but you're making a huge mistake by assuming from the outset that you don't qualify.

If you're lying awake at night as a result of tax debt, the first thing you need to do is see a qualified tax professional. He or she will analyze your previous returns and current financial situation with a fine-tooth comb. If you do indeed qualify for an Offer in Compromise, you could reduce your tax debt by pennies on the dollar.

But, for the sake of your question, let's assume you do not qualify for the Offer in Compromise program. That doesn't mean you don't have options. The best among those options for you is likely the Installment Agreement.

The Installment Agreement works as its name implies: Let's say you owe a substantial amount in tax debt but cannot pay off that debt with a single check. The IRS, despite its reputation for being tough on taxpayers, understands this situation, and for that reason, the tax-collecting agency offers the Installment Agreement. You can enter into an agreement that will allow you to pay down your debt in monthly installments — just like a car loan, for example — in a manner that will eliminate your debt in the long run without significantly compromising your life. For example, if you're putting a kid through college, there's no reason you can't continue to do that and enter into an Installment Agreement.

The most important message to take away from this, though, is that you do have option. In fact, all taxpayers do. I deal with taxpayers in similar situations every day. That's 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.

Shirley Carrington and Preston Thompson

I just couldn't do it without you!

ALA. WOMAN GETS 12 MONTHS FOR FALSE INCOME TAX FILINGS

Sharon Brown-Acklin, 36, of Hamilton, Ala., was sentenced to 12 months and one day in prison for 27 counts of preparing false tax returns. In addition, Brown-Acklin will serve one year of supervised release and was ordered to pay \$79,832 in restitution to the IRS. Brown-Acklin's use of false information, including filing status and inflated deductions, resulted in \$252,123 of improperly claimed deductions and exemptions.

Thanks for the Kind Words...

"I am extremely happy with the results. My case was difficult and you guys handled it to a successful conclusion. For the first time since 1985, I don't have to fear contact with the IRS". - W. Hartshorn

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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