



IRS Times & Inquirer

Tax Resolution Services, Co., Est. 1997

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6345 Balboa Blvd., Bldg. IV, Suite 195 Encino, CA 91316

1-(866) IRS – PROBLEMS or (818) 774-1813

Feds: Coloradan Tried to Bribe IRS Agent

A Colorado man was indicted for attempting to bribe an IRS agent.

Edward Sobczewski, 47, of Monument, Colo., was arrested by special agents with the Treasury Inspector General for Tax Administration.

According to the indictment, Sobczewski attempted to bribe an IRS agent with Colorado Rockies season tickets in return for the agent altering his 2006 personal income tax return audit.

"The message is simple: Don't even think about bribing an IRS agent with Rockies' tickets or anything else," said U.S. Attorney Troy Eid.

He faces up to 15 years in prison and a fine of up to \$250,000.

Bingo Operators Jailed on Tax Charges

William J. Tway and Robert J. Ford were sentenced in Boise, Idaho, for conspiracy to defraud the IRS through their operation of Big Bucks Bingo in Garden City.

They were sentenced to six months in prison, to be followed by nine months of home detention, and they must also pay a fine of \$30,000.

Ford and Tway ran Big Bucks Bingo starting in 1996 under a provision in the state constitution that permits bingo and raffle games operated by qualified charitable organizations. A related state law requires that at least 20 percent of the annual gross revenues of the games must be given to charitable or nonprofit organizations to be used for charitable purposes.

In April, Ford and Tway were found guilty of conspiring to file false returns with the IRS substantially overstating the amount of monies that were actually given to charity. Tway was also convicted of aiding and abetting the filing of false returns in 1999 and 2000 for the Free Speech Foundation, one of the charitable or nonprofit entities that operated Big Bucks Bingo.

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"Even if your dog did do his business in the basement, you still can't deduct it as office space."

Undercover Sting Nets Skimming Businessman

A Delaware restaurateur pleaded guilty to a criminal information charging him with making a false individual income tax return.

Jerrold E. Richard was a co-owner of The Big Easy Seafood and Steakhouse in Bethany Beach, Del. In 2005, Richard put the restaurant on the market for sale. He told an undercover IRS agent posing as prospective buyer that he was skimming from the restaurant and that his tax returns were understated.

The IRS then executed search warrants at the restaurant and at Richard's home. Based on the financial records recovered, the IRS determined that, although Richard reported a loss of \$616 for tax year 2004, his actual taxable income was \$112,114. He faces up to three years in prison and a \$250,000 fine.

'Donations' to Group Criminal Acts

A Los Angeles man who made donations to several charitable organizations associated with a New York-based orthodox Jewish group — donations that were in fact refunded in many cases — has agreed to plead guilty to federal tax evasion charges.

In the plea agreement, Uri Mandelbaum, 70, also agreed to pay back taxes totaling more than \$1.5 million.

The plea agreement with Mandelbaum is the first one involving a "donor" to charitable organizations associated with Spinka, which is at the center of a scheme alleged in a related criminal case. Spinka is a religious group within Orthodox Judaism based in Brooklyn, New York. The Grand Rabbi of Spinka, his assistant, several other defendants and five Spinka charities were indicted last year on a host of federal charges related to a wide-ranging conspiracy to defraud U.S. government agencies by laundering money through an Israeli bank.

Mandelbaum admitted he evaded the payment of \$296,731 in federal income taxes for the years 2005 and 2006, the two years that are the subject of the criminal charges. During 2005 and 2006, Mandelbaum made \$892,483 in contributions to Spinka organizations, and then 95 percent of the contributions were returned to Mandelbaum. However, Mandelbaum admits that he claimed the entire \$892,483 as charitable contributions on his federal income tax returns for the two years.

He faces up to 10 years in prison and a \$500,000 fine.

ARIZ. BUSINESSMAN CHARGED WITH MULTIPLE VIOLATIONS

A Mesa, Ariz., man has been indicted for income tax evasion, corrupt interference with the due administration of the Internal Revenue Service and multiple counts of fraudulent use of a Social Security number.

According to the indictment, Stacey owned and operated a paving business under the names A to Z Paving, Triple A Paving, Texas Paving, Pave Your Way Construction, and A to Z Paving Engineering. Stacey did not file individual income tax returns as required by law for tax years 1995 to 2003. After being audited by the Internal Revenue Service, Stacey attempted to evade the payment of his 1995 to 1997 tax liabilities by, among other things, concealing assets using other people's names.

The indictment further alleges that Stacey tried to interfere with the IRS's assessment of his 1998 to 2003 income tax liabilities by making false statements to an IRS civil auditor and using false social security numbers to prevent the IRS from receiving accurate information about his income and assets.

Stacey faces up to five years in prison for tax evasion, up to three years for the corrupt endeavor charge and up to five years for fraudulent use of a Social Security number.

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 Stephanie Georgiades.

Ms. Georgiades owed over \$78K to the California State Employment Development Department (EDD). After several months of negotiations, we were able to settle her debt for just \$10K, via the EDD's Offer in Compromise.

Congratulations Ms. Georgiades.

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 Dark Knight star died before the blockbuster's release?

- a) Maggie Gyllenhaal
- b) Heath Ledger
- c) Christian Bale
- d) Michael Kane

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/

CALIF. MAN SENTENCED FOR TAX EVASION

Dominic Chang, 61, a California auto-repair shop owner was sentenced to four years of probation and ordered to pay \$163,498 in restitution for tax evasion.

In pleading guilty, Chang admitted that he owned and operated Dominic's Auto Service, in Milpitas, Calif., during 1999, 2000 and 2001. Chang filed individual income tax returns reporting taxable income of zero for the calendar years 1999, 2000 and 2001 but knew that his taxable income was substantial.

To evade taxes, Chang maintained two separate bank accounts, with only the receipts deposited to one account reported to the IRS. To further conceal his income from the IRS, Chang did not issue invoices to all of his customers.

CALIF. WOMAN PLEADS TO EVASION CHARGE

California woman Marjan Pousti pleaded guilty to attempted tax evasion for the 2005 tax year. Pousti and her husband operated a cosmetic surgery business in San Diego County. Pousti was in charge of handling the books for the business. According to court records, Pousti concealed from the IRS cash income that her family received from the business. She used the cash payments to purchase money orders to pay bills, including mortgage payments.

IRS Question Corner ...

Question: Why do some people qualify for the Offer in Compromise and others do not? If you don't qualify, what options do you have?

Answer: The Offer in Compromise is a unique program. To understand why the IRS uses it, I think it's beneficial to understand the history.

For years, IRS agents found that chasing deadbeat taxpayers offered only limited success. The cat-and-mouse chase ultimately was costly to taxpayers, what with the manpower and research needed to track down delinquent taxpayers and force them to cough up what they owe.

Realizing that it was possible to generate the same, if not more, tax revenue using a kinder, gentler approach, the IRS developed the Offer in Compromise. It's for taxpayers who are absolutely unable to pay their current tax debt. This could be due to losing a job or another unfortunate circumstance. While an Offer in Compromise can allow you to decrease your tax debt by pennies on the dollar, you must first be able to prove to the IRS that you otherwise can't pay your tax debt. That's the sticking point.

If you are overwhelmed with tax debt, I'd first recommend you talk to a qualified tax professional. He or she will analyze your situation and your previous returns and determine if you might qualify for the Offer in Compromise.

Now, if you don't qualify, you still have options. Among them is the Installment Agreement, which allows you to pay off your tax debt over time, in a manner similar to the way you pay off a car loan or mortgage. The Installment Agreement is perfect for people who have the long-term ability to pay off their tax debt but who, at this time, simply cannot write a check for the lump sum.

Whatever situation you're in, it's important to remember you have options. 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.

Bruce Lang, CPA and Norman Lewis, CPA, EA.

I just couldn't do it without you!

INDIANA MAN INDICTED FOR FALSE RETURNS

Steven R. Kreps, 57, Muncie, Ind., was indicted on 12 counts of making or assisting in the making of false federal income tax returns. The indictment alleges Kreps prepared false forms W-2. The false W-2s reported wages and income tax withholdings that were not actually paid and withheld. The indictment also alleges that Kreps underreported his own income. The resulting tax loss was \$221,009. He faces up to three years in prison and a fine of \$250,000.

Thanks for the Kind Words...

"TRS delivered what they promised. My offer was accepted with minimal paperwork and in a timely manner. I now have peace of mind and I will definitely recommend you to anyone."

- S. Georgiades

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.

Tax Resolution Services, Co.
Contact: Michael Rozbruch,
Certified Tax Resolution
Specialist Member, American
Society of IRS Problem Solvers
6345 Balboa Blvd., Bldg. IV, Ste 195
Encino, California 91316
Tel: (818) 774-1813
Fax: (818) 774-9361
E-mail: Michael@taxresolution.com
www.taxresolution.com