



IRS Times & Inquirer

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6345 Balboa Blvd., Bldg. IV, Suite 285 Encino, CA 91316
1-(866) IRS-PROBLEMS or (818) 774-1813 / www.taxresolution.com

Baltimore Man Nabbed in Tax Refund Scheme

A Baltimore man was charged in connection with an international tax-fraud conspiracy that sought to obtain more than \$35 million in federal and state income tax refunds using the identities of 3,300 federal prisoners.

Ten men, including the leader of the conspiracy, Marvin Berkowitz, 62, of Jerusalem, Israel, were indicted by a federal grand jury in Chicago after Berkowitz and the others were arrested in Israel and other locations throughout the United States.

Joel S. Lowenstein, 63, of Baltimore, has agreed to plead guilty to conspiracy to commit mail fraud and will appear at a future date in Harrisburg, Penn., for his arraignment.

If convicted, Lowenstein faces up to five years in prison and fines up to \$250,000.

N.J. Man Faces Five Years After Guilty Plea

The owner of a Barnegat, N.J., construction company pleaded guilty to a charge of tax evasion for failing to report income of approximately \$242,764.

At his plea hearing, Daniel Carlo, 45, stated that he owns and operates a construction company under the name of "Cartar" from his residence in Barnegat. Carlo admitted that in April 2006, he prepared, signed and filed with the IRS a 2005 individual tax return which stated that his taxable income for calendar year 2005 was \$0.

Carlo admitted that he failed to report taxable income of about \$242,764, upon which an additional tax of approximately \$78,792 was due to the IRS.

Carlo also admitted that in an effort to hide a substantial part of the unreported income, he deposited client receipts into bank accounts in the name of his wife and daughter. He faces up to five years in prison and a fine of up to \$250,000.

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R.I. Man Did Not Pay \$2.1 Million

A Rhode Island man pleaded guilty to tax evasion and bankruptcy fraud after admitting he failed to pay \$2.1 million in employment taxes for his two construction companies from March 2005 to July 2006.

Steven Allard, 47, of Scituate, R.I., also admitted that in October and November 2005, he made false statements in a personal bankruptcy petition and during the bankruptcy creditor's hearing, in that he failed to disclose his ownership of real property in Warwick, R.I.

Instead of paying the employment taxes, Allard used funds from his companies for the benefit of himself and his wife and by diverting funds from the companies to Eaglewood Realty for the purchase of luxury automobiles.

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

Las Vegas Attorney Owes \$4 Million

A Las Vegas personal injury attorney who was convicted last year of tax evasion and owes almost \$4 million to the IRS was sentenced to five years in federal prison.

Edmund C. Botha, 47, was also ordered to serve three years of supervised release and to pay \$685,505 in restitution to the IRS as a condition of supervised release.

"The length, breadth, and complexity of this scheme and the gravity of the offense warranted a severe penalty," said Greg Brower, U.S. Attorney for the District of Nevada. "Despite earning more than \$7 million between 1996 and 2006, Mr. Botha paid just over \$230,000 in taxes and went to great lengths to hide his assets from the IRS."

According to the court records and evidence presented at trial, Botha evaded the taxes by purchasing luxury vehicles in his ex-girlfriend's name; transacting all of his business in cash and cashier's checks; and entering into a sham child-support agreement requiring him to pay about \$20,000 per month for two children. Testimony at trial showed that Botha conducted over \$2 million in cash transactions from 1998 to 2003 and paid his rent, utilities, payroll, and other business expenses with cash or cashier's checks.

Evidence further showed that Botha purchased more than 10 vehicles worth more than \$400,000 over a six-year period in his ex-girlfriend's name, while at the same time having only a 15-year-old car with over 100,000 miles on it in his name.

AKRON MAN RECEIVES 8 MONTHS FOR INCOME TAX CHARGES

Daniel L. French, of Akron, Ohio, was sentenced to eight months in prison, to be followed by three years of supervised release, for attempting to evade personal income taxes for the year 2003.

French pleaded guilty to the charge in a written plea in which he also acknowledged he attempted to evade his 2002 taxes and filed false 2002 and 2003 S Corporation returns for a corporation he previously owned and operated under the name D.L. French Co. Inc.

According to the plea agreement, French filed false S Corporation returns (Form 1120S) for the years 2002 and 2003, whose deductions for purported corporate payments for "shop supplies and parts" and "subcontract labor" were in fact disbursements for his personal benefit.

Among these disbursements were checks deposited into a nominee bank account French controlled. As a result of the overstatement of costs, the corporate returns also understated the corporation's income, which was reportable on French's personal returns as distributive income. French attempted to evade his personal income taxes for 2002 and 2003 by filing false tax returns on which he understated his income and tax liabilities by reporting his falsely understated business income.

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. Matthew Mark

When Mr. Mark sought our help, his debt to the IRS was over \$16,000. He wanted to file Bankruptcy, but that would extend the Collection Statute. We advised him that if he waited he could get out from under his IRS debt for \$0.00 due to the collection statute date expiring. As a result of our analysis of his situation, the \$16,000 went to \$0.00. Congratulations Mr. Mark!

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 South African movie was a surprise U.S. box office hit?

- a) Son of Man
- b) District 9
- c) Cape of Good Hope
- d) Mr. Bones 2

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



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insight, tips and humor
from tax expert Michael
Rozbruch online at Tax
Resolution University

www.taxresolution.com/blog/

CONN. MAN GETS FIVE MONTHS PRISON FOR FAILING TO PAY TAXES

William DeLorenze, 54, of Westbrook, Conn., was sentenced to five months in prison, to be followed by one year of supervised release, after pleading guilty to one count of filing a false federal income tax return for calendar year 2002.

According to court records, DeLorenze sold a house in 2002 and did not report a taxable capital gain of \$71,831 on his 2002 return. The investigation also revealed that, from 1999 to 2003, DeLorenze failed to report approximately \$74,000 in rental income on properties he owned.

SALON OWNERS RECEIVE 18 MONTHS FOR EVASION

Judith and Norman Artzt, of Boca Raton, Fla., were sentenced to 18 months in prison, to be followed by two years of supervised release, after pleading guilty to conspiring to defraud the IRS. In addition, they were ordered to pay restitution in the amount of \$243,379.50.

Judith and Norman Artzt operated a Boca Raton hair salon called "Norman's of New York." The salon employed approximately 40 hairdressers, and the Artzts regularly made cash payments to employees that were not reported, causing a liability of \$372,713.66 in payroll taxes for the years 2000 to 2004.

IRS Question Corner ...

Question: Give it to me straight and easy. If I owe money to the IRS that I cannot find a way to pay back, how do I go about qualifying for and negotiating with the IRS in an Offer in Compromise?

Answer: No matter what, your first step at this point should be to consult a qualified tax professional. He or she will not only analyze your previous tax returns, but after doing so, we'll be able to tell you whether the Offer in Compromise program will work for you.

First, it might help to understand fully what the Offer in Compromise program is. Simply, after years of chasing deadbeat taxpayers with mixed results, the IRS realized that a kinder, gentler enforcement approach can be more effective than an iron-fisted one. Enter the Offer in Compromise program, which allows taxpayers who are absolutely unable to satisfy their debts to negotiate a settlement amount with the IRS. Oftentimes, believe it or not, that settlement is a lot less than you owe.

Now, assuming you do qualify for an Offer in Compromise, your qualified tax professional will closely analyze your previous returns to come up with the exact amount you owe the IRS. After all, why go to the negotiating table starting with an amount even a penny more than you owe? Once that's complete, you and your tax professional will sit down with an IRS agent and come to an agreement on what you need to pay to settle this tax debt once and for all.

Really, it's that simple. Keep in mind, too, that should you not qualify for the Offer in Compromise program, you have other options as well — including the Installment Agreement — and you should discuss these alternatives with your tax professional.

I've seen it time and time again: Life is much easier for clients once they solve their IRS problems and no longer have to worry about the taxman. I solve tax problems 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.

Eric Ezra and James Freedman

I just couldn't do it without you!

TEXAS WOMAN GETS ONE YEAR FOR TAX CRIMES

Donna J. Nelson, 47, of Sulphur Springs, Texas, has been sentenced one year and a day in prison for tax crimes. According to information presented in court, Nelson admitted to filing a false federal tax return for tax years 2002 to 2006. During that time, she underreported her adjusted gross annual income by a total of \$479,781.36, representing additional taxes owed of \$135,171.24.

Thanks for the Kind Words...

"TRS earned my trust in tax matters. I worked with 3 other tax resolution firms and TRS is the only one that actually kept their word." I was very grateful." -M. Mark

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 285 Encino, California 91316
Tel: (818) 774-1813
Fax: (818) 774-9361
E-mail: Michael@taxresolution.com
www.taxresolution.com