



IRS Times & Inquirer

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Fla. Businessmen Indicted on Various Tax Charges

A federal grand jury returned two separate indictments charging two Florida businessmen with various income tax fraud charges.

The two defendants are James T. Lovern, 37, a resident of St. Petersburg, Fla.; and Leo J. Corrigan IV, 38, also a resident of St. Petersburg, Fla.

According to the allegations in the two indictments, Lovern and Corrigan co-owned and operated various businesses in Pinellas County between 2001 and 2004.

The indictment filed against Lovern charges him with filing a false tax return and other tax charges. If convicted of all charges, he faces up to 25 years in prison and a \$1.15 million fine.

The indictment filed against Corrigan charges him with filing a false tax return and other tax charges. If convicted of all charges, Corrigan faces up to 8 years in prison and a \$250,000 fine.

La. Businesswoman Did Not Pay \$5 Million

A New Orleans business owner was sentenced to 37 months in prison after failing to pay \$5 million in employment taxes.

According to court records, Janice Gaudet Craig was the co-owner, Secretary, Treasurer and Chief Financial Officer of TCB Industries Inc., an offshore oilfield fabrication and services company which had a workforce ranging from 216 to 679 employees and located in Abbeville, La.

The IRS investigation revealed Craig withheld and collected employment taxes from her employees. She then filed false IRS forms that significantly underreported TCB's employment taxes. Craig failed to send the Social Security Administration Forms W-2 for TCB's employees. This prevented routine computerized checks from revealing that Craig filed false IRS Forms 941. Additionally, TCB's employees did not receive credit for their earnings. If not corrected, hundreds of TCB's employees would have received lower social security checks when they retired.

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"SURE, IT'S CATCHIER THAN THE UNIFORM OF HITCHHIKING HITCHHIKERS AND "ALIBI" THE QUESTION IS, IS IT GOOD FOR BUSINESS?"

Woman Gets 24 Months for False Returns

Sonia D. Cruz, 46, of Northampton, Mass., was sentenced to 24 months of in prison for filing tax returns. From April 2002 to January 2005, Cruz filed with the IRS a series of fraudulent income tax returns, in her name and in the name of others, seeking refunds to which she was not entitled. As a result, Cruz underreported her taxable income by approximately \$50,850.

In addition, from 2002 through 2005, Cruz prepared and filed approximately 53 federal personal income tax returns for others or using the names of others, intentionally falsifying dependents and overstating federal withholding on the returns, seeking refunds that she knew were not really owed. The false claims for refunds relating to the misrepresentations on these returns totaled approximately \$207,000, of which the IRS paid approximately \$83,000 in refunds, \$64,175 of which was deposited into various bank accounts controlled by Cruz and spent on various personal expenses.

Calif. Trio Tried, Failed to Outsmart the IRS

The government is coming down hard on three taxpayers who allegedly tried to cheat Uncle Sam while negotiating Offers in Compromise.

Virginia Ferrari, 51, and Guy Ferrari, 78, both of Rio Vista, Calif., are charged with three counts of subscribing to a false tax document; and Orion Douglas Memmott, 68, formerly of Willows, Calif., is charged with subscribing to a false tax document and tax evasion.

According to prosecutors, the Ferrari indictment alleges that in 2002, 2004, and 2005, the Ferraris submitted to the IRS Offers to Compromise for their tax liability for small amounts of money (\$10,000 to \$19,000), claiming they lacked the financial resources to pay the \$44,140. They omitted, however, several items of valuable real property, a bank account and a securities account from the financial statements submitted with their offers.

According to the indictment against Memmott, the government alleges in June of 2005 he submitted to the IRS a financial statement in connection with his attempt to compromise his tax liability of \$656,655, assessed for his 1993 through 1999 individual income taxes, plus penalties and interest. He omitted, however, real estate property valued at \$260,000 that he held in nominee names, business bank accounts that he owned and controlled containing \$112,772.38, and failed to report income derived from diverted investor funds of \$116,570.

The three face up to five years in prison for tax evasion and up to three years in prison for submitting a false tax return.

CALIF. BUSINESSMAN GUILTY ON TAX CHARGES

Michael Ray Gorden, 40, of Clovis, Calif., pleaded guilty on Sept. 8, 2008, to one felony count of conspiring to defraud the United States, and two felony counts of making and subscribing to false tax returns.

Gorden is the president and sole shareholder of Mike Gorden Software Solutions.

According to prosecutors, from 2001 to 2005, Gorden conspired to defraud the United States by causing MGSS to pay at least \$339,792 of Gorden's personal expenses with corporate funds and then causing them to be deducted as business expenses on; and failing to disclose at least \$266,454 in disguised personal income.

In his guilty plea, Gorden admitted that he thereby caused MGSS's corporate income tax to be underreported by at least \$93,770, and that he caused his individual income tax for the 2001-2004 tax years to be under-reported by at least \$117,525.

In the plea agreement, Gorden agreed to pay restitution to the United States in the amount of \$211,295 and also agreed to pay all additional taxes, penalties and interest due

Gorden faces up to five years in prison for the conspiracy count and up to three years in prison for the two false tax return charges.

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. Robert Wood.

When Mr. Wood retained our firm, he owed over \$25,000 to the IRS. We were able to settle his debt for just under 7K through the IRS's Offer in Compromise program!

Congratulations on your settlement!!

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 comedian/actress recently played Sarah Palin on SNL?

- a) Jennifer Aniston
- b) Tina Fey
- c) Amy Poehler
- d) Molly Shannon

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



Get IRS news, commentary,
insight, tips and humor
from tax expert Michael
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ARIZ. MAN JAILED FOR THEFT, TAX CHARGES

Loren A. Goldtooth Sr., 52, of Tuba City, Ariz., and the former executive director of the Ki:Ki Association (the tribally designated housing entity of the Tohono O'Odham Nation) was sentenced to 12 months in prison.

Goldtooth was found guilty by a federal jury on May 2, 2008, of two counts of Embezzlement/Theft from an Indian Tribal Organization, three counts of failure to File Individual Federal Income Tax Returns, and two counts of Failure to File Corporate Federal Tax Returns.

Goldtooth was also ordered to make restitution to the Tohono O'Odham Ki:Ki Association in the amount of \$52,239 and was ordered to cooperate with the IRS in resolving his outstanding tax obligations.

ADULT FILM STAR FACES JAIL FOR TAX CHARGE

Adult film actress Janine M. James, 39, of Huntington Beach, Calif., pleaded guilty today to one count of willfully failing to pay her outstanding federal income taxes. James admitted making a down payment on a \$647,000 residence and purchasing a new Jeep and recreational vehicle, while knowing she owed more than \$200,000 in federal income taxes which she did not pay. James faces up to one year in prison and a \$100,000 fine.

IRS Question Corner ...

Question: How it is that an Offer in Compromise and Installment Agreement can benefit me if I owe money to the IRS?

Answer: Good question. In fact, that is the question everyone who has significant IRS debt should be asking themselves.

Although it can be terribly stressful to owe a large amount to the IRS, it's important to remember that taxpayers have option. Your first step should be to consult a qualified tax professional. He or she will analyze your returns, assess your situation and determine for you the best option.

Two of the better-known, and very powerful, options are the Offer in Compromise and the Installment Agreement.

The Offer in Compromise is for people who, for whatever reason, are absolutely unable to pay the tax debt they owe. This could be due to illness, job loss, business failure or some other unfortunate circumstance. Under the Offer in Compromise program, the taxpayer and his qualified tax professional negotiate a settlement amount with the IRS that does away with tax debt once and for all. Oftentimes, this settlement amount can be pennies on the dollar.

By contrast, an Installment Agreement is for those taxpayers who can pay their tax debt — but not all at once. Under this program, taxpayers make arrangements to pay off their debt over time by making small monthly payments. Think of this as a car payment. You pay a little every month, and over time, that debt goes away. This option is particularly good for people who have fallen behind but still earn enough money to pay off their debt gradually.

No matter what option appeals to you, the most important thing to remember is that, as a taxpayer, you have options. Don't run from the IRS. It's sometimes much more effective to talk to the IRS. I solve IRS problems 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.

Nicholas Nassif, Esq. and Terry Wardsdale, CPA

I just couldn't do it without you!

CONN. MAN CHARGED WITH TAX EVASION

Leonard Widman, 53, of Sherman, Conn., was charged with three counts of tax evasion. The indictment alleges that from January 1999 to August 2004 Widman willfully attempted to evade paying a large part of his income taxes. The indictment further alleges that Widman made false statements to employees of the IRS. If convicted of the charges, Widman faces a maximum term of imprisonment of five years and a fine of up to \$100,000 on each count.

Thanks for the Kind Words...

"I am so happy and satisfied with the work you have done for me. Every time I had a question you were on top of it. I am getting my life back on track. Thank you".

- R. Wood

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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