



IRS Times & Inquirer

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Miami Woman Gets 60 Months

A Miami woman was sentenced to 60 months in prison after being convicted by a jury on tax fraud charges.

Maritza Valiente, 41, was convicted on all 11 counts against her relating to a tax fraud scheme that Valiente and others committed in 1999 and 2000. Valiente and three co-defendants were initially indicted in 2004, but Valiente was not located until 2008.

According to trial evidence, Valiente and her co-conspirators created false W-2s claiming wages and withholdings from fiscal year 1999 in the names of bogus employees of Valiente's company, United Mortgage Financing. They used the false W-2s and other information to prepare fraudulent tax returns claiming refunds for the fictitious employees. Then, in early 2000, Valiente and her co-conspirators filed the false tax returns with the IRS and obtained refund-anticipation loan checks in the names of the fictitious employees. In sum, more than 30 false tax returns were filed with the IRS as part of the scheme, causing the IRS to issue more than \$100,000 in fraudulent refunds.

Man Gets Four Months Following Bad Advice

Stephan Karchut, of Kalispell, Mon., was sentenced to four months in prison, four months of home detention with electric monitoring, and three years of supervised release following incarceration for attempting to evade his 2004 income taxes. He was also ordered to pay restitution to the IRS of \$44,901 of taxes owed for the years 2003 and 2004 and to cooperate with the IRS in determining additional income taxes, penalties, and interest that he may owe for the years 2002 through 2004.

Karchut previously pleaded guilty to the charge, which involved Karchut's efforts to conceal income he earned as sole operator of a business known as PC Surveillance, located in Cortland, Ohio, where he formerly resided.

Beginning in 2002, Karchut followed erroneous advice of a person who held himself out as a tax professional to conceal his income and tax liabilities. Karchut failed to file income tax returns for 2002 to 2004, on false advice that under Section 861 of the IRS Code income is not reportable unless it is received from foreign source — the so-called "861 argument."

Inside This Issue...

Miami Woman Gets 60 Months

Tenn. Family Kept Two Sets of Books

Man Gets Four Month Following Bad Advice

77-Year-Old Developer Sentenced to Prison on Tax Charges

Furniture Retailer Pleads Guilty to Tax Charges

Two Men Indicted in Tax Evasion, Anti-IRS Promotion Case

Ore. Woman Sentenced to 4 Months in Prison

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



"So, when would be the best time to breakup with the guy I'm living with...taxwise?"

Tennessee Family Kept Two Sets of Books

Kevin M. Flannery, 62, Margaret A. Flannery, 60, and Keith M. Flannery, 40, all of Gatlinburg, Tenn., have been indicted by a federal grand jury and charged with one count of conspiracy to impede the lawful government functions of the IRS. They face up to five years in prison for this charge.

In addition, Kevin Flannery was charged with three counts of filing false income tax returns, and his wife, Margaret Flannery, was charged with four counts of filing false income tax returns. They face up to three years in prison for each of these charges.

The Flannerys owned several businesses in Gatlinburg. The indictment alleges that Kevin and Margaret Flannery maintained two sets of books for their auto dealership and restaurant — one set of books for actual income and the other containing fabricated numbers which underreported the businesses' gross income.

Furniture Retailer Pleads Guilty to Tax Charges

New Jersey furniture retailer Anthony Mehran, the owner, president and CEO of Huffman Koos, pleaded guilty to filing a false tax return, admitting he engaged in a \$3.8 million cash-skimming scheme over a five-year period to avoid paying income taxes,

Mehran, 39, of Fort Lee, N.J., pleaded guilty to a one-count criminal information that charges him with subscribing to a false tax return. At his plea hearing, Mehran admitted that from 2000 to 2005 he engaged in a cash-diversion scheme in which he skimmed roughly \$3.8 million in cash received by two of his furniture stores, then named Moda Furniture and Moda Fairfield.

As part of his scheme, Mehran admitted, he instructed his bookkeepers not to deposit cash sales proceeds into the stores' corporate bank accounts. Instead, Mehran personally collected cash sales proceeds from the stores on a periodic basis and did not report the income on his corporate tax filings, he admitted.

Mehran admitted that he withheld information about the cash sales from his accountant when he sent the corporate bank account records to the accountant.

This conduct, Mehran admitted, caused false corporate and individual tax returns to be submitted to the IRS. He faces up to three years in prison and a fine of \$250,000.

77-YEAR-OLD DEVELOPER SENTENCED TO PRISON ON TAX CHARGES

The developer of a Morris County, N.J., condominium community was sentenced to a year in prison for evading corporate income taxes.

Morton Salkind, 77, of Denville, N.J., and Aventura, Fla., was ordered to turn himself in to the federal Bureau of Prisons on Oct. 5 to begin serving his prison sentence at a facility yet to be determined. He was also ordered to pay a \$30,000 fine and to serve two years of supervised release after leaving prison.

Salkind had previously agreed to pay back civil taxes, penalties and interest on his individual income taxes of approximately \$17 million and to date has paid \$11.5 million. That leaves a balance to the government of nearly \$6 million for which he remains liable.

"Today's sentence sends a strong deterrent message that tax evasion is not a victimless crime," said William P. Offord, Special Agent in Charge of the IRS Criminal Investigation Division, in a statement.

In pleading guilty, Salkind admitted that the false accounting entries included claiming approximately \$5.7 million in expenses related to the development of Fox Hills that were never incurred. He also admitted that false accounting entries inflated legitimate project expenses.

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. Michael Brady

Mr. Brady owed the IRS over \$130K in taxes including penalties and interest. We successfully abated the penalties in the sum of over \$36K. In addition we entered Mr. Brady into a Partial Pay Installment Plan of \$435.00 a month, an additional savings of \$68,000. In all, we shaved off \$104,000 from Mr. Brady's IRS debt. Way to go Team TRS!!! Congratulations Mr. Brady!

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...

Who made news for rudely interrupting Taylor Swift on MTV?

- a) Kanye West
- b) Jay-Z
- c) Keith Urban
- d) Jessica Simpson

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/

TWO MEN INDICTED IN TAX EVASION, ANTI-IRS PROMOTION CASE

An Oklahoma and an Arkansas man were charged with conspiracy to defraud the United States, tax evasion and failure to file taxes.

Lindsey Kent Springer, 43, of Kellyville, Okla., used the name Bondage Breakers Ministry to solicit and receive money. Springer's stated purpose for Bondage Breakers Ministry was "to get rid of the Internal Revenue Service."

The indictment alleges that Oscar Amos Stilley, 45, of Fort Smith, Ark., an attorney, assisted Springer's tax evasion through a variety of means. Stilley maintained an interest-bearing account which lawyers use to deposit and hold client funds. The pair allegedly used the account and various other devices — such as cashier's checks, check cashing services, money orders, cash and other means — to conceal Springer's actual income and avoid creating the usual records of financial institutions.

Springer allegedly told IRS employees that all funds he receives are gifts and donations to his ministry and that he does not have any income and he does not provide any services for payment. The indictment lists numerous transactions that dispute this.

Springer faces up to 22 years and Stilley up to 15 years in federal prison if convicted of all counts.

IRS Question Corner ...

Question: I've been reading your newsletter, and I understand why the Offer in Compromise program is an excellent one for those who qualify. Although I have a significant tax debt, I don't believe I'll qualify for the program. What can I do?

Answer: Many of my clients are very good at analyzing their current tax situation and estimating what options might be best for them. I think that's great. But I also recommend to all my clients that they not trust themselves fully. It's always a good idea to have a qualified tax professional analyze your current situation and previous returns to determine your best options. Don't assume that you do not qualify for the Offer in Compromise program. Have a qualified tax professional help you make that determination. But for the sake of your question here, let's assume for now that you do in fact qualify for the Offer in Compromise program. The good news is that you do have options, and the best might be the Installment Agreement.

Here's what you should do first: Find a qualified tax professional. He or she will closely analyze your previous returns to come up with the exact figure you owe the IRS. This qualified tax professional will also help you determine whether you qualify for the above-mentioned Offer in Compromise.

Now, assuming you don't, your qualified tax professional will likely tell you about the Installment Agreement. This is a program the IRS offers to indebted taxpayers who currently lack the ability to pay off their debt in full but possess the future earnings potential to pay off that debt over time. Simply, under this program, the IRS agrees to allow you to pay down your tax debt with small, monthly payments. This payment plan is intended to be similar to a car payment — significant enough that it will allow you to pay off your debt over a period of time but not so significant that your life will change drastically.

I solve tax problems every day. 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.

George Theofanis & Richard Moss

I just couldn't do it without you!

OREGON WOMAN SENTENCED TO 4 MONTHS IN PRISON

Lili A. Brown, 46, of Beaverton, Ore., was sentenced to four months in prison after pleading guilty to one count of tax evasion. She is required to pay \$130,871 in restitution to the IRS. Brown allowed her husband, Johnny Brown, to file tax returns for her that helped him by acting as a nominee owner of various assets in order to avoid tax liability. The Browns together operated a Kirby vacuum distributorship.

Thanks for the Kind Words...

"I could not be happier with the results. They took the burden of dealing with the IRS directly and they successfully abated over \$36K in penalties. I was floored."

-M. Brady

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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