



IRS Times & Inquirer

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Brazilian Racing Star Faces U.S. Tax Evasion Trial

Brazilian race-car driver and "Dancing with the Stars" winner Helio Castroneves faces a tax-evasion trial in March 2009 in a Miami federal courtroom.

Castroneves, 33, a two-time winner of the Indianapolis 500, pleaded not guilty in October and is free on \$10 million bail.

Federal prosecutors charged the driver-turned-dancer with one count of conspiracy and six counts of tax evasion, alleging he failed to report \$5.5 million in income from 1999 to 2004. Castroneves, with the help of his sister and lawyer, allegedly set up a corporation in Panama to aid in the tax-evasion scheme.

Meanwhile, Castroneves has asked for the trial to be delayed. Penske Racing, in an affidavit filed with the court, said it "will be forced, in all likelihood, to change drivers" if the trial begins in March.

If convicted, Castroneves faces up to five years in prison for each count.

Angry Taxpayer Attacks IRS Officials

One Alabama man thought a good defense against the IRS was a good offense.

In the end, it could cost him dearly.

Ernest Milton Barnett, 49, of Birmingham, Ala., has been indicted for assaulting a federal employee with a deadly weapon and damaging government property.

The indictment alleges Barnett assaulted employees of the IRS and Small Business Administration by ramming his vehicle twice into the side of a government building that houses both agencies.

If convicted, he faces up to 20 years in prison and a fine of up to \$250,000.

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



"They may not be particularly intimidating as far as bikers go, but they're by far the toughest tax attorneys in town."

Self-Proclaimed Priest Sentenced to 54 Months

Self-proclaimed priest Earl R. Wolfe was sentenced to 54 months in prison on charges of tax fraud and was ordered to pay \$224,869 in restitution. In September, Wolfe was found guilty by a Fort Lauderdale jury of conspiring to defraud the United States and filing false tax returns.

According to court records, from 1999 to 2004, Wolfe reported \$600 of income on tax returns he filed with the IRS. However, evidence at trial proved he earned more than \$750,000 as an unlicensed architect. Wolfe attempted to conceal his income by cashing more than \$600,000 at a local check-cashing store and using nominee entities. Evidence presented at trial also proved that Wolfe had not paid any income tax since 1989.

In addition to concealing his income, Wolfe attempted to hide his assets from the IRS. In October 2003, falsely claiming to be a priest, Wolfe created the Office of the Presiding Overseer of the Domicile Creators Service Ministry, which purported to be a tax-exempt religious entity. Wolfe then transferred ownership of his personal residence and two Harley-Davidson motorcycles to the so-called ministry.

IRS Agent Indicted on Tax Charges, Obstruction

A revenue agent with the Internal Revenue Service has been arrested in connection with a scheme to defraud the government by claiming he suffered a loss when he sold his real estate when, in fact, he realized a substantial profit.

Jim H. Liu, 42, of Diamond Bar, Calif., is an IRS revenue agent who conducts audits of taxpayers. He was arrested at Los Angeles International Airport. Liu was indicted by a federal grand jury on three counts — one count of submitting a false tax return and two counts of obstructing the IRS investigation of his tax return.

The indictment charges that Liu filed a false tax return that improperly claimed a loss on a sale of a property in Pomona. Liu actually sold the property for a substantial gain and should have paid taxes on that substantial gain, the indictment alleges.

The indictment also alleges that during the IRS audit of Liu's tax return, he provided false documents and made false statements to the IRS in an attempt to obstruct the audit. Liu allegedly mailed and faxed documents to the IRS that falsely stated he bought the property for \$231,250 when he knew that he had actually purchased it for \$185,000.

If convicted, Liu faces up to 13 years in prison.

FORMER CASINO OWNER GETS 15 MONTHS FOR TAX EVASION

The former owner of Lucky Chances Casino in Colma, Calif., was sentenced to 15 months in prison and ordered to pay \$973,841 in income taxes.

Rene Medina had previously pleaded guilty to tax evasion.

According to the plea agreement, Medina admitted that from July 1999 to June 2007, he was the sole shareholder of Lucky Chances, a casino/card club.

Lucky Chances filed U.S. Income Tax Returns for a Subchapter S Corporation (Form 1120S) with the IRS for the tax years 1999, 2000 and 2001. In filing as a Subchapter S Corporation, Lucky Chances' income should have been reported on Medina's personal income tax returns.

Medina also admitted that he evaded payment of his federal income taxes by causing Lucky Chances to make payments for personal expenses and fictitious business expenses in the amount of more than \$1 million.

These payments were expensed by Lucky Chances on its books, records and tax returns as ordinary and necessary business expenses. The personal expenses included furniture and redecorating services for his personal residence in Atherton, California.

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 Ronald Darnell.

Mr. Darnell's debt to the California Franchise Tax Board was over \$27K. After several months of negotiations, we were able to settle his debt for just \$1,200.00. Congratulations Mr. Darnell.

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...

What is the title of the new James Bond movie?

- a) Under the Gun
- b) Transporter
- c) Casino Deluxe
- d) Quantum of Solace

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. MAN GETS 12 MONTHS FOR PREPARING FALSE RETURNS

Kennedy Oduro, 32, of Denver, Colo., was sentenced to 12 months and one day in prison and 12 months of supervised release for aiding in the preparation of false tax returns. He was also ordered to pay \$21,000 in restitution to the IRS.

Oduro was charged with willfully aiding and assisting in the preparation of false federal income tax returns for the years 2003 and 2004.

He pleaded guilty to willfully aiding and assisting the preparation of false federal income tax return.

"Don't even think about not paying your taxes," U.S. Attorney Troy Eid said in a prepared statement.

BUSINESSMAN PLEADS GUILTY TO EVASION

Stephen R. Savage, 51, of Milford, Mass., pleaded guilty to three counts of income tax evasion. Prosecutors told the court government evidence showed Savage was the owner of a construction business when he subscribed to several services to hide his income and expenses from the IRS. Savage filed a false federal tax return for calendar year 2002 and failed to file tax returns for 2004 and 2005. He faces up to 5 years in prison and a fine of up to \$250,000 on each of the three counts.

IRS Question Corner ...

Question: Like a lot of people these days, I have tax troubles. I hear you talk a lot about the *Offer in Compromise* and the *Installment Agreement*. How do I know which one is best for me and why?

Answer: The truth is, it's impossible to answer that question without going over in detail your current financial situation. For that reason, the first thing you should do is consult a qualified tax professional.

That said, it may help you to know details about these two programs:

The *Offer in Compromise* is, in a sense, the product of a lesson learned for the IRS. After years and years of beating down doors, IRS officials realized that a kinder, gentler approach can be as effective, if not more effective, than a clenched fist.

The program is designed specifically for taxpayers who, for whatever reason, amassed a substantial tax debt but now lack the financial resources to settle that debt, even over time. Under this circumstance, the IRS will consider the Offer in Compromise — essentially a negotiated settlement offer that will eliminate your tax debt once and for all. Oftentimes, the Offer in Compromise amounts to pennies on the dollar of the original debt amount.

An alternative program is the *Installment Agreement*. This is a lot like it sounds. For taxpayers who cannot pay their debt now but could over time (unlike those who may qualify for the Offer in Compromise), the Installment Agreement allows taxpayers to settle their tax debts by making regular monthly payments.

The benefit of this program is that taxpayers can pay down their debt without having to compromise too much on their lifestyle. Think of it, from a personal budgeting aspect, as an extra car payment.

I'm an IRS Problem Solver. Let's talk about which plan would be best for you. 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.

Harvey Dulgatch and Stuart Goodman

I just couldn't do it without you!

PROPRIETORS OF CHINESE RESTAURANT RECEIVE PROBATION FOR TAX EVASION CHARGES

Californians Zhong Lin, 39; Man Chau Cheng, 37; and Zhong's sister, Yan Lin Fong, 36, were each sentenced to one year probation for conspiracy to defraud the United States. Zhong was also ordered to pay \$140,367 in income taxes owed from tax years 1995 to 2002. The three operated the restaurant Chinatown Buffet in Louisville, Ky.

Thanks for the Kind Words...

"Very professional, every time I received a call, it would be very satisfying and reassuring. It was a conclusion of another successful result in such a short time". "Thank you".

-R. Darnell

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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