

Tax Resolution Times



Rhode Island Businessman Gets Creative in Trying to Evade Taxes

At first claiming that he was, “Not a citizen of the United States”, and that his earnings were not taxable, Billie Schofield from Scituate, R.I., pled guilty in Federal Court to tax evasion.

Failing to file legitimate tax returns for ten years, Schofield told the court the various steps he took to avoid paying federal income taxes, including: creating and submitting fraudulent checks in the amounts of \$60,000 and \$49,000 to the IRS to settle back taxes; instructing a corporation in which he held a minor partnership interest not to pay him; intercepting and concealing levies from businesses that owed him compensation and repeatedly mailing false documents to the IRS.

In addition, Schofield created a false company called, Sundown Services, which allegedly was based in Alaska. For years, he would have income payments for services rendered made payable to a bank account opened by his girlfriend in the name of Sundown Services, where she would deposit the checks.

For the years 2005 through 2009, it was determined by the IRS that Schofield’s taxes due and owing were \$201,310. Income he earned in 2010 through 2016 from his business partnerships, commissions from a Canadian fishing company and proceeds from the cultivation and sale of marijuana totaled \$781,481, and his income tax owing for that period was \$227,435, for a combined assessment of \$428,745.

Sentencing is scheduled for September, 13, 2019, where Schofield could face up to five years in prison, restitution, monetary fines and a period of supervised release.

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Karaoke Bar Owner Will be Singing the Folsom Prison Blues

Kae Wook Lee, the owner of a karaoke bar in Queens, NY, will spend 12 months and one day in prison for failing to collect and pay employment taxes.

It was shown that between 2011 and 2013, Lee held bank accounts in the names of shell corporations and diverted income from the bar to those accounts. Lee would then withdraw money to pay his employees in cash, without collecting, accounting for or paying over employment taxes to the IRS. It was also shown that Lee hid the cash payroll from his accountant and filed false tax returns that underreported his employee’s wages.

Lee was also ordered to pay \$612,500 in restitution to the IRS and serve two years of supervised release.



"Okay... now everyone smile and say: 'that's not deductible'."

Not All That Glitters is Gold for Jewelry Salesman

David Castle, a jewelry store owner from Albuquerque, N.M. pled guilty to tax evasion in Federal Court in May, 2019.

Castle was the owner and operator of the Gold and Silver Exchange which sold, purchased and repaired jewelry.

An indictment was handed down in Feb, 2019, which charged Castle with evading taxes from Dec. 2004 through Jan. 2018 by using several nominee businesses to conduct the company's financial operation and hide income by opening bank accounts belonging to nominee businesses, concealing personal income and expenditures, engaging in cash transactions and failing to keep accurate business records and failing to file personal and business returns or filing false or frivolous tax returns.

As part of Castle's plea agreement, he admitted to the charges and agreed that his conduct resulted in a loss to the IRS of \$211,829.

Castle faces a maximum penalty of five years in prison, a term of supervised release, a maximum fine of \$250,000 and monetary restitution.

Marathon Man Can't Outrun the IRS

Pedro Rodriguez, the owner of JC Mar Tax Services, in Marathon, FL, was sentenced to 60 months in prison after pleading guilty to filing fraudulent tax returns with the IRS.

For over a decade, Rodriguez filed returns for approximately 2,000 clients a year, claiming fictionalized deductions such as educational and residential energy credits. Rodriguez charged between \$80 to \$120 to prepare the return, which he would file electronically. The copies of the returns that Rodriguez would give to his clients was a paper return which did not show any of the fraudulent deductions.

For one client in 2016, Rodriguez claimed this client spent more than \$6,000 to install solar water heating, \$9,000 in mortgage deductions, \$13,000 on job related expenses, a residential energy credit and itemized deductions totaling \$31,293, none of which was true.

In addition to prison time, Rodriguez was sentenced to one year supervised release and ordered to pay restitution in the amount of \$14,569,171!

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.

I just couldn't do it without you!

Sitcoms and Taxes

A look at TV shows through the years that had us laughing about taxes:

>Friends, Season 1, Episode 4 - "The One with George Stephanopoulos"

How do you explain income taxes to someone who's never paid them before? Hand them their first paycheck. At least, that's how Rachel discovers just how much of her earnings are paid out before she even has a chance to spend them. The episode doesn't exactly focus on taxes, and the title only includes George Stephanopoulos' name because the Friends get his pizza delivery by accident.

Best quote of the episode: "Who's FICA? Why's he getting all my money

>All in the Family, Season 3, Episode 2 - "Archie's Fraud"

Archie gets audited and discovers he has a tax problem because he didn't report income from his side gig driving taxicabs. "It wasn't income," Archie insists to Edith. "It was money I earned by working on Sundays. What a man does on his Sabbath is between him and his maker!" Archie goes the IRS to talk to them about the issue and attempts to bribe his way out of the problem which earns him an extra three years of audits.

>The Mary Tyler Moore Show, Season 1, Episode 11 - "1040 or Flight"

If you have to meet with the Internal Revenue Service, it helps to put your best foot forward. That effort doesn't go as planned for Mary. She makes a great first impression on the auditor, Robert, and by the conclusion of the meeting, she has a date. At the end of the episode — and the end of her audit — Mary is debating if she wants to keep seeing Robert.

Best quote of the episode: "You know, Mary? You're the only person I know who bakes chocolate chip cookies for an audit by the United States government."

Source: AICPA Blog and Vulture Lists

Are You My Next 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 Monique Cook. She has worked in the recovery field for over 25 years helping and mentoring adolescents to overcome addiction so they can grow into productive members of society. As a result of some deep investigative work on my end I was able to help her get the IRS to forgive over \$1,200 in penalties.

You might be my next *Client of the Month* too! Watch for your name here in an upcoming month.

Be Wise in Choosing Your Tax Preparer

Tax preparer fraud is on the IRS's list of Dirty Dozen Tax Scams. The IRS reminds taxpayers to be careful when selecting a tax professional. Though most tax professionals provide honest, high-quality service, a minority of dishonest preparers operate each filing season perpetrating refund fraud, identity theft and other scams that hurt innocent taxpayers.

-A Charlotte, N.C. preparer was sentenced to 24 months in prison for preparing over 500 returns which claimed false deductions and fictitious businesses to obtain the Earned Income Credit.

-A CPA in Hattiesburg, was convicted of conspiracy to defraud the United States. In addition to aiding in the preparation of false returns for his clients, he was also found guilty for filing his own false personal returns.

-Posing as a client, an undercover IRS agent exposed the owners of a tax preparation business in Philadelphia, PA for preparing returns that overly inflated itemized deductions, claimed fictitious Schedule C businesses and claimed false dependents to get large refunds for their clients. They are also accused of buying and selling personal identifying information of children to falsely claim the children as dependents.

-A former California Franchise Tax Board employee turned tax preparer from Los Angeles was indicted for filing over 514 returns with false deductions, in which the IRS paid out approximately \$3 million in bogus refunds.

Tax Quote of the Month

“This is a question too difficult for a mathematician. It should be asked of a philosopher”(when asked about completing his income tax form)”

-Albert Einstein

Thank you for the Kind Words...

Trish has been a godsend to our small business needs. She handled our LLC filing and then stepped in to deal with issues from the IRS & the state with fines pending. She was able to reduce them to nothing! So glad we found her.

Tracy P.

I'd Like to Hear From You!

If you have an IRS issue, or just want to refer a friend, relative or client, we'd love to hear from you. We can provide a no-obligation confidential consultation to help you solve your IRS problems.

Office (831) 471-5110

Enter Our Trivia Contest for a Chance to Win a \$250 Transferrable Gift Certificate!

Take the Trivia Challenge to win!

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 tax resolution service I provide. Your prize is also transferrable, so use it for yourself, or give it to a family member or friend. Take your best guess and call me at 831-471-5110

This month's question is:

What is the best-selling album of all time?

- | | |
|-----------------------------|--------------------------------|
| a) Led Zeppelin IV | b) Eagles- Their Greatest Hits |
| c) Michael Jackson-Thriller | d) Beatles-The White Album |

Call today at >>831-471-5110<<

Your IRS Questions Answered Here:

Question: I received a notice from the IRS because I did not have the funds to pay the taxes I owed on my 2018 income tax return. I also was late in filing my tax return. Not only is the IRS demanding the tax I owe, but they have slapped on these huge amounts for penalties and interest. I had extenuating circumstances that caused all of this. This isn't fair... what can I do?

Answer: Your Tax Resolution Specialist can request a removal (abatement) of penalties 2 ways: 1) "First Time" Penalty Abatement and 2) a Reasonable Cause Argument. The IRS writes off billions of dollars in penalties each and every year, but you must know how to do it correctly. A First Time Penalty Abatement (FTPA) can be requested if you have a "clean" compliance record, meaning you have not incurred a Failure to File or Failure to Pay penalty for the 3 years preceding the year you are requesting the first time penalty abatement on. FTBA is generally granted in most cases, regardless of what the underlying reason is, if you are eligible.

There are 9 main "Reasonable Cause" arguments to get your penalties removed. They are: 1) Death, Serious Illness or Unavoidable Absence 2) Fire, Casualty or Natural Disaster 3) Unable to Obtain Records (common issue with couples going through a divorce) 4) Mistake was made by the taxpayer or tax preparer 5) Erroneous Advice or Reliance on a tax preparer 6) Written/Oral Advice from the IRS 7) Ignorance of Tax Laws 8) Reasonable Cause/Ordinary Business Care and Prudence 9) Undue Economic Hardship.

When using a "Reasonable Cause" argument, the event that caused you to file late or prevented you from paying the tax when due must correlate to the tax years involved and supporting documentation is essential. Your Tax Resolution Specialist will guide through which documents are needed and submit a formal request in writing. For instance, let's say you were going through a divorce and you ex-spouse withheld records from you needed to file a complete and accurate income tax return and you filed your return last because of this. You could request abatement of these penalties using one of the above reasonable cause arguments, specifically #3 above.

We at Santa Cruz Tax Debt Relief are experts in IRS tax problem resolution and help taxpayers with their IRS Problems every day. **There is a solution to EVERY problem.** Generally, you'll never have to meet or speak with the IRS once you bring us into the picture. Call us today! (831) 471-5110 or email: santacruztaxdebtrelief@gmail.com