

Tax Resolution Times



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CPA Gambled Using Rich and Famous Client's Money

A gambling addiction led Los Angeles CPA Jonathan Schwartz, the business manager for Alanis Morissette and other well-known performers and athletes, to steal more than seven million dollars from his clients' accounts.

Schwartz had access to his clients' bank accounts to pay their bills and get cash for them, but instead, frequently got cash for himself. He concealed the embezzlement by not sending bank statements to his clients. Instead, he sent his clients a prepared statement from GSO Business Management, the firm Schwartz worked for, which contained a false ledger of expenses submitted to the bookkeepers by Schwartz.

Schwartz admitted that between 2010 and 2014 he stole almost five million dollars from Morissette by falsifying records and claiming the expenses were for "sundry/personal" items. He stole more than a million dollars from another client and embezzled \$737,500 from yet another client.

Schwartz admitted that he failed to file a tax return in 2012 and failed to report nearly one million dollars in income that year. He owes the IRS almost 1.7 million dollars in federal income taxes. Schwartz was sentenced to six years in prison followed by three years of supervised release. He was ordered to pay \$8,657,268 in restitution.

"Today, it takes more brains and effort to make out the income-tax form than it does to make the income."

Alfred E. Neuman

Unspeakable Lack of Vision

Robert Lawrence Gazdick, Jr., the owner of an audio-visual equipment rental business in Virginia pleaded guilty to tax fraud for failing to pay payroll taxes for his employees from 2013 to 2018. Gazdick deducted the taxes from his employees' paychecks but failed to pay the funds to the IRS. In total he pocketed 5.35 million dollars in payroll taxes.

As part of the plea agreement Gazdick will pay over \$200,000 in restitutions for premiums he failed to pay for health insurance provided to his employees. In addition, he pleaded guilty to willful failure to collect, account for and pay over taxes. He faces up to ten years in prison.

At Loggerheads with the IRS

For more than 20 years, Denver resident, Lawrence Martin Birk, failed to pay federal income taxes. It wasn't until the IRS began collection efforts that the owner of Terryall River Log Homes, which built and sold log homes, hired a tax firm to prepare eight years of returns. However, Birk left out a lot of information on the returns, including over \$400,000 in retirement distributions that he funneled through a shell company.

After filing the returns Birk refused to pay the money due and instead sent the IRS threatening letters citing the "We the People" foundation and the "Tax Honesty" movement.

In his ongoing efforts to keep funds from the IRS, Birk purchased cashier's checks as soon as he deposited money into his account in order to reduce the balance the IRS could have access to.

By the time Birk went to trial his tax liability was more than 3.5 million dollars. He was sentenced to five years in prison and ordered to pay restitution in the amount of \$1,858,826

Multiple Businesses, Multiple States Multiple Prison Sentences

Vincent Celentano, the owner of several businesses in Florida and Michigan, has been indicted for tax evasion, employment tax fraud and other tax crimes. Celentano is accused of using more than \$360,000 from his businesses' bank accounts to pay for personal expenses, including credit card payments and fuel and sundry items for his yacht. That same year Celentano sold ownership in entities under his control for approximately 2.7 million dollars and asked for payment in a way that kept his accountants from accurately reporting the sale to the IRS. In addition, Celentano failed to file his individual tax returns from 2013 to 2016.

From 2013 to 2018 Celentano and others conspired to withhold payroll taxes from his employees and not pay the taxes to the IRS. The money was used to pay for business and personal expenses. When the IRS tried to collect, Celentano and his co-conspirators attempted to thwart their efforts and made false statements to the IRS about who was responsible for paying the taxes. Per the indictment Celentano failed to pay \$217,000 in payroll taxes.

If convicted, Celentano faces a statutory maximum sentence of five years for each tax evasion and conspiracy charge, three years in prison for each count of failure to pay employment taxes, and a statutory maximum sentence of one year on each count of willful failure to file his personal tax returns.

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!

Making a Profit from a Non-Profit

Movita Johnson-Harrell, a member of the Pennsylvania House of Representatives, has resigned from office after being accused of using funds for personal items from a non-profit she created to help people struggling with addiction, poverty and mental illness. She founded the non-profit, Motivations, Education & Consultation Associates (MECA), after losing four family members, her father, brother, cousin and son, to gun violence.

Johnson-Harrell is alleged to have spent more than \$500,000 from the charity's bank accounts to pay for vacations, private school tuition for her grandchildren, designer clothes, matching furs for her and her husband, and a Porsche. She also funneled money from the account into her state representative campaign. The disgraced politician took money from her clients' government benefits, which the non-profit controlled to provide housing, and then covered it up by lying on her personal financial records, those of the non-profit and her campaign.

Attorney General Josh Shapiro claims that Johnson-Harrell committed tax fraud when she failed to report her MECA spending as income. In addition to making direct transfers to her bank account, Johnson-Harrell wrote numerous checks made out to 'cash' whenever she needed extra money. Johnson-Harrell is awaiting trial.

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 Frank F. Frank has been battling the IRS for over two years for a tax liability dating back to 2012. Through some shrewd negotiations we were able to get the entire \$6,713 written off. Frank had a very Merry Christmas this year!

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

A Very Bad Day in Court

New Jersey tax preparer Brian Day pleaded guilty to filing false tax returns and bank fraud in a scheme to misappropriate clients' money and defraud the IRS.

Day told his clients that they owed more money to the IRS than they actually did. He instructed them to write checks made out to the IRS and then altered the payee information on the checks to make them payable to one of his tax prep companies. He made these false claims to at least five individuals, resulting in a loss of \$124,289.

When two clients questioned him about the checks he presented them with fake documents he claimed were from the IRS.

In addition, Day is accused of submitting at least 21 false tax returns to the IRS from tax years 2009 to 2015, resulting in a loss of approximately \$491,000 to the IRS.

From 2013 to 2015 he also inflated clients' tax forms by more than \$383,000 to get them bigger tax returns.

Day was sentenced to 32 months in prison and ordered to pay nearly \$500,000 in restitution.

Did You Know?

In Alaska, some whaling captains can deduct up to \$10,000 for whaling related expenses. In Hawaii, property owners may be able to deduct up to \$3000 in expenses related to maintaining a tree that has historic or cultural value.

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.

Please contact us for a no-obligation, free consultation today! Start your new year on the right foot!

Santa Cruz Tax Debt Relief
4630 Soquel Drive Suite 11
Soquel, CA 95073
(831) 471-8951

santacruztaxrelief@gmail.com

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 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 most popular dog breed in the United States?

- a) Poodle
- b) Labrador
- c) Beagle
- d) German Shepherd

Call today at (831) 471-5110

Your IRS Questions Answered Here...

Question: *I own a small business and in order to keep afloat, I did not pay the IRS for my employee's withholding taxes for a few years. How much trouble will I be in?*

Answer: Owing 941 payroll taxes is very different than owing personal 1040 income taxes. Not only can the IRS shut down your business, they can come after you personally, levy your bank accounts, take your receivables and seize your property including your house. Scariest still is that it could turn into a criminal matter. Why? Because the money has already been deducted from your employee's payroll checks; so **it's not your money to begin with!** The IRS looks at this as if you stole their money.

You need to get help fast from an experienced professional who deals with the IRS every day. We can assess your situation and figure out the best way to help you, and will take over all dealings with the IRS so you don't have to. Don't let them take over your life and manage your cash flow; call us today!

Our clients generally NEVER meet or speak with the IRS. We handle everything for you so you don't have to take time away from your job or business. We know the law. We know your rights. We can help!

We at Santa Cruz Tax Relief are experts in tax resolution and help taxpayers like you with their IRS Problems every day. **Call us at (831) 471-5110**