



# Curtis McAllaster, CPA's IRS Times & Inquirer

*"Read About Taxpayers with IRS Problems &  
Learn Helpful Tips on How To End Them."*

*Learn how to avoid IRS problems and solve them if you find yourself with one!*

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"I owe that much? How much would I owe if I turned in a friend?"

# 10 Arrested in Scheme to Steal \$18m in Refunds

Ten people in California have been arrested and indicted for their role in a scheme to steal 6,700 tax refund checks worth about \$18 million.

The indictment alleges that the defendants conspired to steal United States Treasury checks from a postal facility and, with the help of employees known as "inside plugs" at financial institutions and other businesses, to cash those checks. The conspiracy relied on a Postal Service employee to steal the checks, as well as "walkers" who obtained false identifications to help cash the checks.

Among those arrested are: Talcum Marsh III, 46, Los Angeles; Benjamin Marsh, 39, Woodland Hills; Rashaad Green, 26, Long Beach; Eric Muhammad, 26, Venice; Timothy Jones, 36, Corona; Marvin Miller, 32; Eutonia Lewis, 35, Corona; Joel Boyd, 29, San Clemente; and Robert Lobo, 36, Costa Mesa.

# Tax Bill Sends San Diego County Man to Jail

A La Mesa man who invented an automotive product and sold the company he formed to market it for \$1 million was sentenced today to 33 months in federal prison for failing to pay income taxes on the money generated by the sale.

*(Continued on Page 2)*

Read about IRS cases I've solved on my web site: [www.MTAX.com](http://www.MTAX.com)

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## **CT COUPLE FAILED TO FILE TAX RETURN**

Richard Perrotti, 46, and Barbara Perrotti, 49, formerly of Hamden, CT, have pleaded guilty to failing to file a federal income tax return.

In court, the prosecutor explained that from 1995 to 1998, the Perrottis operated a business in Branford, CT, called Old New England Financial Group, Inc., and, as part of the business, loaned money. Many of the loans were unsecured and in cash at usurious rates in violation of state law.

The Perrottis admitted that they failed to file a federal tax return for 1997, a year in which they earned \$757,582 and owed \$238,923 in taxes.

They face up to one year of in prison and a fine of up to \$25,000.

## **ARIZONA MAN CLAIMS \$0 AS INCOME**

Dorvin J. Jones, 54, of Prescott, Arizona, has been indicted on charges that he claimed \$0 as income for three years when, in fact, he made much more.

The indictment alleges that Jones earned \$72,008 in 1998, \$96,858 in 1999 and \$32,250 in 2000.

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

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John Zentmyer, 62, who was formerly a reserve officer for the Los Angeles County Sheriff's Department, invented a wheel-locking device to be used on four-wheel-drive off-road vehicles. After forming a company to market his product, he sold the company in 1996 for more than \$1 million. Zentmyer then failed to file a tax return that reported any of the funds generated by the sale.

Zentmyer, who represented himself at the beginning of the trial and later represented himself jointly with an advisory counsel, argued that he was not guilty of tax evasion because he believed in good faith that he did not have to pay income taxes after reviewing old Supreme Court cases. He also claimed that he structured his financial transactions only because the bank required his Social Security number to file its report with the government and his religious beliefs prevented him from divulging his Social Security number, which he said he believed is the "mark of the beast."

# **Chiropractor Jailed for False Returns**

David R. Funk, a 52-year-old chiropractor in Rocklin, California, was sentenced to a year in prison for filing false income tax returns.

According to Assistant U.S. Attorney Benjamin B. Wagner, Funk admitted in his guilty plea that he filed tax returns in which he reported negative adjusted gross income, reflecting his use of two tax-evasion schemes that involved the creation of shell companies to hide taxable income and create paper losses.

In all, Funk admitted to evading over \$183,000 in federal income taxes during the three tax years from 1997 to 1999.

## **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.

I just couldn't do it without you!

## **TWO MEN CHARGED WITH FILING FALSE RETURNS TO COLLECT REFUND CHECKS**

Two California men have been charged with filing of false tax returns, theft of refunds relating to those returns and identity theft.

Gilbert Torres, 62, and Armando Garza, 65, devised a scheme, from approximately April 2001 to August 2004, to file numerous false tax returns using real people, then cash the fraudulent refund checks. The IRS issued checks ranging from \$229 to \$4,811 based on the information provided in the returns.

If convicted for the most serious offenses, Torres and Garza each face up to 30 years in prison and a \$1 million fine.

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## **CT MAN IMPRISONED FOR FALSE RETURN**

James A. Faris, 59, of Stratford, CT, was sentenced to six months in prison on his conviction for subscribing and filing false federal income tax returns.

According to court documents, from 1997 to 2001, Faris was an owner and president of Oronoque Painting & Remodeling, Inc. Faris did not inform his accountant of substantial amounts of income and thus did not report such income on his personal and corporate income tax returns for the for the years 1997 to 2000.

# **Couple Indicted For Conspiracy, Tax Evasion**

A husband-and-wife team was arrested in Colorado on a charge that they conspired to defraud the U.S. government and four counts of tax evasion. Bill Ledford, 56, and his wife, Loraine, 56, both of Florissant, Colo., were co-owners of Service Engineering, a heating ventilation air conditioning service and sales business in Colorado Springs.

In 1992, the Ledfords owed the IRS \$1,755 in personal income taxes, according to the indictment. They then failed to file personal income tax returns for 1993, 1994 and 1995. In 1998, the IRS notified the Ledfords that together they owed more than \$1 million in taxes for years 1993 to 1995.

During the course of the investigation, the government determined that the Ledfords created a number of trusts within the State of Utah to conceal income and assets. They used the trusts to pay for a new home and their son's college tuition.

If convicted, the Ledfords each face up to five years in federal prison and/or a \$250,000 fine for conspiracy to defraud the United States, and not more than five years in prison and/or a \$100,000 fine for each of the four counts of tax evasion.

## ***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.

Congratulations goes to John W. He has been hiding from IRS since 1993. He prepared his tax return in 1993 and could not pay the tax that was owed so he never filed it. Then, year after year he avoided thinking about taxes because he knew he was in trouble. He took the philosophy of "if I don't think about it, it doesn't exist". Well, the pain got severe enough he finally came to see me. I assisted John in getting back into the system and worked out a payment plan he can manage. No more sleepless nights, right John?! Congratulations!

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

## MAN CHARGED FOR MAKING FALSE TAX REFUND REQUEST

Gary Davis, 52, Avon, CT, was charged with filing a false tax return claiming a \$430,571 refund. On April 14, 2000, Davis allegedly filed a return incorrectly stating that \$430,831 of federal income tax had been withheld and paid to the IRS. The Indictment further alleges that Davis then fraudulently claimed a refund of taxes in the amount of \$430,571.

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### Thanks for the Kind Words...

“You, Curtis, are the one who made it happen with patience, expertise and kindness. I am beyond thankful and realize that I can’t even come close to expressing my gratitude...”  
Liz

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### 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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## “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 619-523-3098.

This Month's *Mega Trivia Question*...

### Which retired slugger's book sparked the baseball controversy?

- |                 |                 |
|-----------------|-----------------|
| a) Jose Canseco | c) Frank Thomas |
| b) Sammie Sosa  | d) Mark McGwire |

*Call me right now with your answer! 619-523-3098*

## IRS Question Corner ...

**Question:** *I owe a great deal of money to the IRS, and although my job and assets certainly won't allow me to claim poverty, I just can't pay the whole amount at one time. A colleague mentioned an Installment Agreement. Is this something that could work for me?*

**Answer:** Good question. And the answer is, yes, quite likely it would work for you. For those who do not qualify for the Offer in Compromise program — which allows taxpayers to reduce their tax debt by *pennies on the dollar* if they can prove they are not able to pay the debt — an Installment Agreement is generally the best option.

For a variety of reasons, average taxpayers find themselves in situations where they cannot pay their tax debt. In nearly every instance, the taxpayer did not *intend* to amass such a large debt. It just happened. The IRS is well aware of this. That's why collections agents are usually receptive to an Installment Agreement. Besides, as far as the government is concerned, a little money now and then is better than no money at all.

Here's how an Installment Agreement works: Once you and a qualified tax professional analyze your previous tax returns and come to the *exact* amount you owe the government, you can then negotiate a situation in which you will pay the tax debt off over a period of time. Your tax professional and the IRS agent assigned to your case will review your income information and assets and come up with a monthly payment amount that will not adversely affect your life or lifestyle. For instance, if you're sending a kid to college, don't worry about it — your ability to pay tuition costs will not be affected.

The monthly payment amount would be similar to, for instance, a car payment — a substantial payment but small enough that you can reasonably afford to make every month. Really, it's that simple. For many taxpayers, finally coming to an agreement and plan with the IRS is the best actions they've ever taken. I can help. I'm an IRS Problem Solver. For a free, no-risk consultation, call my office at 619-523-3098.