

Tax Resolution Times

“Read About Taxpayers with IRS Problems & Find Out How to Solve Them”



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This Isn't Child's Play

Baltimore Mayor Didn't Go by the Book

Former Baltimore Mayor Catherine Pugh has been indicted for committing fraud, evading federal taxes and illegally boosting her political campaign in association with a series of children's books she self-published.

Pugh, 69, is alleged to have sold hundreds of thousands of dollars worth of her Healthy Holly books to a health care company whose board she sat on while a state senator. After she was paid, thousands of the books were never delivered.

The 11-count federal indictment alleges that Pugh formed a company whose sole mission was to accept kickbacks disguised as sales of the books, which feature a young African American girl who promotes the benefits of a healthy diet and exercise program.

The money from the non-existent books was illegally funneled to her political campaign through a straw company, and used for personal items, including a house. For the tax year 2016, Pugh claimed her taxable income was \$31,020 and the tax due was \$4,168. In reality, her taxable income was \$322,365, and she approximately owed \$102,444.

The federal government is hoping to seize a house owned by Pugh worth \$770,000. Meanwhile, Pugh's attorney claims that she is so fragile physically and mentally she is unable to make "major decisions." If convicted, she could serve up to 100 years in prison.

“Income tax has made more liars out of the American people than golf.”

Will Rogers

Scammers' Target Gets Target to Help Catch Them

Two Los Angeles women, Ailing Lu and Ji Hyun Lee, both 25, are in jail and facing criminal charges as a result of an IRS scam that netted them thousands of dollars. The women were caught after one of their victims reported the fraud to the police.

The victim said he received a call from one of the women impersonating an IRS Agent. He was told he had to pay \$2,200 in Target gift cards, or he would be arrested. The victim complied, and then reported the incident to the police.

Working with Target's Loss Prevention Team, the police were able to compare surveillance video with footage from a similar investigation in Indiana and determined the suspects in both cases were the same. A search warrant revealed approximately \$900,000 in new goods at two locations. Lu faces charges of theft by false pretenses and conspiracy to commit crime and Lee faces charges of conspiracy to commit crime.

With a Middle Name Like Prosper...

A Nigerian national living in Missouri was sentenced to four years and three months in prison without parole for filing false tax returns and for his part in various Internet scams that defrauded victims.

Segun Prosper Otaru, 27, was ordered to pay \$26,056 in restitution and the same amount to the government. He entered the US on a student visa in 2013 but never took any classes. Since arriving in the US, he has worked with an organized crime network, has had 13 aliases and numerous bank accounts with fake identities. Otaru admitted to fraud through various Internet scams. Among them were listings on Craigslist for rental property that Otaru and his co-conspirators did not control. When victims responded they were asked to send a deposit to hold the property.

Otaru also filed as many as 167 false income tax returns that included stolen identities, false employers, wages and employment taxes paid. He and a partner received \$24,356 in illegal tax refunds.

Credit Union CEO Credited with Shutting Down CBS Credit Union

Longtime CEO of the CBS Employee Credit Union, Edward Rostohar, was sentenced to 14 years in prison for embezzling 40 million dollars over a 20-year period. Rostohar left the credit union insolvent, and it was absorbed by University Credit Union, which took over all 2,800 accounts.

Rostohar claimed that most of the money was either gambled away or put into failed business ventures. Prosecutors painted a different picture and said that Rostohar also spent a large sum on luxury cars, watches and private jets to exotic locations, where the married Rostohar wined and dined women who were half his age.

The fraud was perpetrated in two ways, through online payments Rostohar set up, which directed money into his accounts, or by forging the signature of an employee at the credit union on checks payable to himself. An employee discovered the fraud when she saw a check made out to Rostohar for \$35,000. The employee then went back a few months and discovered payments made to Rostohar for nearly four million dollars in that time frame.

Before joining the CBS Credit Union, Rostohar was an administrator for the National Credit Union Administraton, a position he says enabled him to avoid detection for a long time because he knew what examiners looked for when studying a credit union's finances. The judge gave Rostohar a longer sentence than both the government and the defense had requested.

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!

Please don't forget to leave a review on Google to help us build a better business.



Temp Agency Owner May Find Himself Temporarily in Jail

California business owner, Luis Perez, has been charged with tax evasion for failing to pay almost 30 million dollars in wages he withheld from employee paychecks. Perez, the owner of four staffing agencies, deducted the taxes from his employees' paychecks but failed to pay the money to the IRS. These taxes, often called 'trust fund taxes' include income taxes and FICA taxes that fund Social Security and Medicare. Perez did not pay the taxes for seven years and the money he owes includes interest and the Trust Fund Recovery Penalty.

The IRS came to collect in 2007 but Perez kept them in the dark for almost a decade by concealing the purchase of luxury items, including several cars and a boat. He did this by placing the ownership titles in the names of other individuals or his companies. His purchases included a \$135,000 Ferrari, a \$224,000 Rolls Royce Phantom and a \$340,000 Lamborghini Aventador.

Perez is also accused of underreporting his income and making other false statements to the IRS in order to evade their collection efforts.

This is not the first time Perez has been charged with a crime. Last year the Orange County District Attorney filed charges against Perez and two associates for workers comp fraud for failing to report wages to the Employment Development Department, withhold payroll taxes or pay employment taxes for 36 employees.

If convicted on the tax evasion charges Perez could face up to five years in federal prison.

Easy Come Easy Go

A 29-year-old Florida man submitted a false tax return to the IRS in 2016 and got a refund check for \$980,000. Ramon Christopher Barnett claimed \$18,497 in income, \$47,357 in deductions, and one million dollars in income tax credit withholding. His return included a fictitious attachment that contained information on wages and taxes withheld from a nursing home. Thinking ahead, he requested the IRS withhold \$20,000 from the refund for the following year's estimated taxes.

In reality Blanchett had barely made \$4000 that year and had paid no taxes.

When the \$980,000 check arrived he deposited it in his account at Sun Trust Bank. The bank promptly contacted the IRS, put the check in a vault and closed the account. A year later the check was cleared and Blanchett asked that the check be reissued. He took the new check to a new bank and claimed the money came from an inheritance.

Blanchett bought a Lexus with the money for \$51,617 and by the time the IRS came knocking he still had \$917,641 in the bank. The car was confiscated and in a plea agreement Blanchett agreed to pay the IRS \$59,768 in restitution plus any taxes, fees, penalties and interest accrued over the last three years. He faces up to 10 years in prison.

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 Milendy Rodriguez. Who has been coming to us to file her taxes and to correctly file her FASFA for her university. The pleasure is all ours!

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

Did You Know?

In order to help fund World War II, congress passed the Current Tax Payment Act of 1943. The Act required employers to withhold income taxes from employees' paychecks and make the payments on their behalf. Prior to this Americans paid their taxes quarterly, and in some cases, annually.

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.

Ultimate Tax Relief

Toll free (800) 245- 8257

Phone (718) 367 - 6111

Fax (718) 584 – 6654

Enter Our Trivia Contest for a Chance to Win a \$150 Transferrable Gift Certificate!

Take the Trivia Challenge to win!

Each month, I'll give you a new trivia question. The first person who calls my office with the correct answer wins a free \$150 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 (718) 367-6111.

This month's question is....

Bert and Ernie from Sesame Street are named after characters from what movie?

- | | |
|-----------------------------|--------------------------|
| a) A Streetcar Named Desire | c) It's a Wonderful Life |
| b) Gone with the Wind | d) On the Waterfront |

Call today at (718) 367-6111

Your IRS Questions Answered Here...

Question: I received a notice from the IRS because I did not have the funds to pay the tax I owed on my 2017 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: A 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 (FTA) 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 abatement on.

If you don't qualify for FTA, there are another 9 "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.

If you think your reason(s) or excuse falls within one of the above, let us know so we can guide you through the process and see to it that the IRS reduces or removes these penalties in full once and for all.

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 to deal with all of the IRS's paperwork. We know the law. We know your rights. We can help!

We at Ultimate Tax Relief are experts in tax resolution and help taxpayers like you with their IRS Problems every day. Call us TODAY at (718) 367-6111.