

## ALA. WOMAN SENTENCED TO SIX MONTHS IN PRISON FOR TAX REFUND SCHEME

An Alabama woman was sentenced to six months in prison for her role in a scheme in filing fraudulent tax returns and obtaining refund money. Samantha Davison was also ordered to pay \$7,068 in restitution, and following her prison term, she will serve six months of home confinement while on three years of supervised release.

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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 free no-obligation confidential consultation to explain every option available to solve IRS problems.

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## 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!

## IRS QUESTION CORNER

**Question:** *I just don't know what to do. Long story short: failed business, some health problems, bad tax advice. The result: a big pile of tax debt. I have no idea how I can pay off this debt. What can I do?*

**Answer:** *I'm sorry to hear about your situation. I know it's a difficult position to find yourself in, but in case this offers any consolation, please know that you are not alone. In fact, you have a lot of company. Many Americans find themselves in a similar situation with the IRS.*

Rest assured that your situation isn't hopeless. You have options.

Your first step should be to consult with a qualified tax professional. He or she will go through your previous tax returns with a fine-tooth comb to make sure that previous errors haven't inflated the amount you owe. After all, if you're going to negotiate with the IRS, why go in with a starting figure any higher than penny more than you owe?

Once you and your tax professional have a solid grasp of your tax situation, you can discuss options. Two of the most common for taxpayers in your situation are the Offer in Compromise and the Installment Agreement.

The Offer in Compromise was designed for taxpayers who, for whatever reason, have significant tax debt but are unable to pay off that debt over time. This may be due to a failed business, a medical emergency, or some other unforeseen circumstance. If you can prove you cannot pay off your tax debt, an Offer in Compromise can often eliminate your tax debt once and for all at a significant discount.

If you can pay the debt over time, you can enter into an Installment Agreement, which will allow you to pay off the debt through manageable monthly payments.

I'm an IRS Problem Solver, and I can help solve your IRS problems. For a free, no-risk consultation, call my office at 305-682-1118.

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Thank You!

IRS Question Corner



## ARE THOSE IRS TV AND RADIO ADS REAL?

It is hard to miss them. The commercials run 24 hours a day on television and radio. "Do you owe the IRS more than \$10,000? Under the new Fresh Start Program, you can settle for less."

Here is the truth. The Program actually started in 2008. What the paid spokesperson is talking about is an Offer in Compromise. The last new changes were made to Offers in 2012 and did allow more people to qualify and to settle for less. However, what they do not tell you is that not everyone is eligible.

The next time you see one of these commercials, freeze the disclaimer at the end. It will be blurry, so get up close to your TV. You will see that those great claims only apply to a small percentage of the population. If you call the 1-800 number of one of these Tax Resolution Services, you will speak to a salesperson who will gladly tell you whatever you want to hear. "Can I settle my \$100,000 debt for \$1000?" "Sure", says the man on commission who knows nothing about your financial condition and will have never speak to you again once you send him a check.

Every case is different. If you can pay the debt, the IRS wants all of the money. If your finances are such that you will never be able to pay it, the IRS will settle for what they believe you will ultimately be able to pay. For some, that may be as little as \$100.

At the Law Offices of Steven N. Klitzner, we have a very high success rate with Offers in Compromise because we carefully evaluate each case to see if our clients qualify. If they do, great. If not, they will be a different program for them, such as an Installment Agreement for a monthly amount they can afford. If they are unable to make these payments, they could be placed in currently not collectible status. Either way, there is always a solution, but not necessarily the one promised to you by the commercials.

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## GA. MAN FILED 62 FALSE INCOME TAX RETURNS

A Georgia man pleaded guilty to one count of wire fraud and one count of aggravated identity theft after filing 62 fraudulent tax returns.

The case began in March 2012, when a juvenile in the Dougherty County School System was interviewed about the theft of 65 “Student Emergency Contact Cards” from a local high school personnel office. The cards contained data, including dates of birth and Social Security numbers, of students and were recovered from his backpack. The juvenile admitted that he had talked about using the stolen cards with Johnson.

A search warrant of Johnson’s home recovered evidence that linked him to 62 online federal income tax returns. The filings claimed a total of \$419,028. Johnson actually received a total of \$76,631. The police also seized numerous pre-paid debit cards in the name of third parties that were funded with fraudulent income tax refunds.

“IRS Criminal Investigation has made investigating refund fraud and identity theft a top priority and we will vigorously pursue those who undermine the integrity of the U.S. tax system,” Acting Special Agent in Charge James E. Dorsey said in a statement. “Individuals who devise schemes to steal public money face federal prosecution and federal prison.”

## ‘American Idol’ Winner Hit With Tax Lien

Fantasia Monique Barrino, the R&B singer-songwriter commonly known as Fantasia and best known for winning season three of American Idol, owes more than \$92,837 in unpaid taxes, according to a tax lien the IRS filed against her in California.

After winning American Idol, Fantasia released her debut single, “I Believe,” which hit number one on the Billboard Hot 100. She later released her debut album, Free Yourself, and a similarly successful second album, Fantasia.

Fantasia also had success outside of music. She played herself in a Lifetime biopic, Life Is Not a Fairy Tale, and then starred in the Broadway musical The Color Purple, which saw an increase in box office sales after she took the role of Celie.

## Colo. Businessman Charged With Failing to File Tax Returns

A Colorado businessman was charged with three counts of failing to file income tax returns.

According to court records, Donald D. Smith, 66, of Fort Collins, Colo., was the owner and operator of a business called Mountain West Children’s Academy, which received gross income of approximately \$183,343 during the 2008 calendar year. Smith willfully failed to file an income tax return that year, the government alleges.

During the calendar years 2009 and 2010, Smith followed a similar pattern, according to court records. In 2009, Smith received gross income of approximately \$122,068. In 2010, Smith received gross income of approximately \$154,900. Smith was charged with willfully failing to file income tax returns for those year as well.

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## TAX FRAUD ARTIST GETS 27 YEARS

A Florida tax fraudster will spend the next 27 years in federal prison.

According to court records, James Lee Cobb III, 37, of Tampa, Fla., conspired with others to use more than 7,000 stolen names, dates of birth, and Social Security numbers to file false tax returns and open pre-paid debit cards. From 2011 through November 2013, Cobb and his co-conspirators filed false tax returns claiming approximately \$3 million in refunds.

During the execution of a search warrant at Cobb’s residence, law enforcement officers recovered lists and medical records containing the personal identifying information of more than 7,000 victims. Many of the victims had their identities stolen from healthcare facilities, including from the James A. Haley VA hospital; the Florida Hospital (formerly known as University Community Hospital); ambulance services in Virginia, Georgia, and Texas; a local medical billing company; and court records. In addition, a number of deceased victims’ names were obtained from genealogy websites.

Cobb pleaded guilty to conspiracy to commit mail and wire fraud, wire fraud, aggravated identity theft, and for being a felon in possession of a firearm as an armed career criminal.

## Chiropractor Gets 30 Months in Prison

An Arizona chiropractor was sentenced to 30 months in prison after filing for more than \$6 million in false tax refund claims.

Adrienne Marta Frazer, 62, of Scottsdale, Ariz., was also ordered to pay \$703,478 in restitution to the federal government. Frazer was previously found guilty by a federal jury of five counts of filing false and fictitious claims for tax refunds.

According to court records, Frazer knowingly filed false tax returns utilizing a common scheme known as the Form 1099-OID scheme. Although many of Frazer’s tax returns were immediately rejected by the IRS, one was accepted, resulting in the issuance of a \$593,651 refund. Within days of getting the refund check, Frazer began spending and transferring the money.

## Conn. Restaurateur Skimmed Money, Filed False Return

A restaurant owner in Connecticut was sentenced two months in prison for filing false tax returns after pleading guilty to the charge.

According to court documents, Maria Pinheiro, 58, of Trumbull, Conn., owns and operates the Dolphin’s Cove Marina, a seafood restaurant in Bridgeport, Conn. From 2007 through 2009, Pinheiro was the sole shareholder and bookkeeper for the restaurant, and she handled all of the business’ finances.

Instead of depositing all of the cash receipts from restaurant into the business checking account, Pinheiro deposited substantial amounts of cash from the business into her personal checking account. She then failed to provide her personal bank records to the firms that prepared the federal income tax returns for her and restaurant.

Between 2007 and 2009, Pinheiro deposited \$352,437 in cash into her personal bank account. Some of deposits were structured in amounts of less than \$10,001 in order to evade her bank’s currency transaction reporting requirements. Pinheiro caused the filing of false personal and corporate tax returns, resulting in a tax loss of \$92,251.

As part of her plea agreement, Pinheiro agreed to pay back taxes, interest and penalties in the total amount of \$243,956.98.

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