



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

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"I told you we had ways of making you talk."

The Schlichting Group Inc.

IRS Times & Inquirer

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

Bad Tax Advice Got NBA Star in IRS Trouble

You can't deduct your personal chef from your taxes.

Ask Kevin Durant, the star player for the NBA's Oklahoma City Thunder. He knows all too well. Durant is suing his accountant, Joel Elliott, for \$200,000 after some of his practices got the basketball player in trouble with the IRS.

"Fees paid to a personal chef would not be regarded by a reasonably prudent accountant as qualifying for a business expense deduction," Durant alleged in his lawsuit.

The basketball player has hired another accounting firm to clean up his tax filings going back to 2007.

Four Sentenced in Check-Cashing Scheme

Four men who were part of a check-cashing scheme designed to defraud the Internal Revenue Service were sentenced in Virginia for their crimes.

J.D. "Dot" McReynolds, 77, of Tazewell, Va., was sentenced to six months of home confinement and forfeited \$500,000 to the government.

(Continued on Page 2)

Read about IRS cases I've solved on my web site: www.SlickTax.com

MEMPHIS WOMEN FILED TAX REFUNDS IN NAMES OF DECEASED PEOPLE

A tax fraud scheme that featured returns filed on behalf of deceased individuals resulted in a pair of guilty pleas.

Nakita Brooks, 31, and Cheryl Wright, 30, both of Memphis, Tenn., each pleaded guilty to one count of conspiracy to defraud the government through the filing of false income tax returns.

According to court records, from February 2010 through at least November 2011, Brooks and Wright filed hundreds of false returns using identifying information of deceased individuals, including Social Security numbers.

In addition to filing false returns, Wright and Brooks also set up tax return services using stolen identities. In 2010, the name of the company used to prepare the returns was Rattler's Tax Pals. In 2011, the name used was Taxes Express. Three individuals, including a 9-year old girl from Indiana, had their tax information fraudulently listed as the preparers for these companies.

At least \$462,619.31 was deposited into accounts under the control of Brooks and Wright. The total loss is estimated to be \$1 million to \$2.5 million.

Brooks and Wright face up to 10 years in prison and a fine of up to \$250,000.

(Continued from Page 1: Four Sentenced in Check-Cashing Scheme)

Charles Edward "C.E." McReynolds II, 44, of Valls creek, W.Va., was sentenced to three months in prison. Timothy Gregory Allen, 43, of Hurley, Va., and Kermit Clayton Wiley, 64, of Princeton, W.Va., each received six months in prison, and Wiley forfeited \$50,000 to the government.

The men were cash providers in a check-cashing scheme designed to hide the withdrawal of cash from various coal and coal-related companies by the companies' operators. Each of the men pleaded guilty and cooperated in the investigation.

"Conspiring to defraud the government with a scheme to structure financial transactions in order to evade the payment of taxes is unlawful," Thomas J. Kelly, Special Agent in Charge, IRS Criminal Investigation, said in a statement.

Businessman Did Not Report \$1.3 Million

A former Wisconsin businessman pleaded guilty to three counts of willfully failing to file income tax returns for the years 2006, 2007 and 2008.

In his plea agreement, Eric T. Plantenberg, 42, of Bend, Ore., and formerly of Madison, Wis., admitted that he made \$1.3 million in unreported income between 2005 and 2008. During the years in question, Plantenberg was an owner of, and made income from, three Madison-based companies — Freedom Personal Development, Freedom Professional Services and I-Kinetic.

He faces up to one year in federal prison and a \$100,000 fine.

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!

OHIO MAN GETS FIVE YEARS FOR TAX FRAUD

A Twinsburg, Ohio, man was sentenced to nearly five years in prison and ordered to pay approximately \$1.2 million in restitution for his role in a tax-fraud conspiracy.

Brian D. Krantz, 47, pleaded guilty to one count of conspiracy to make false claims for income tax refunds and five counts of making such false claims.

The conspiracy included filing false income tax returns claiming refunds totaling more than \$8.8 million. The U.S. Treasury issued 17 refund checks totaling \$3.6 million payable to Krantz and various corporations he controlled.

From April 2009 through June 2010, Krantz and McCallum conspired to make false claims for tax refunds using income tax returns filed with the IRS.

Krantz used more than \$1 million of the refund proceeds to finance a real estate venture he established with partners. Krantz misled his partners to believe that a group of lenders had provided the funds.

“This sentence sends an important message to America’s taxpayers who play by the rules that we have no tolerance for those who make up their own rules,” Kathy Enstrom, IRS-Criminal Investigation Special Agent in Charge, said in a statement.

CFO Guilty on Fraud, Tax Charges

The former chief financial officer of Lakewoods Resort in Wisconsin was sentenced to 37 months in prison after pleading guilty to one count of mail fraud, one count of wire fraud and five counts of filing false income tax returns.

At her plea hearing, Lori Hall, 50, Glidden, Wis., admitted that she devised and participated in a scheme to defraud her employer, The Lakewoods Inc., which operated Lakewoods Resort in Cable, Wisc.

Hall admitted that from January 2006 through January 2012, she embezzled funds from the bank accounts. Hall admitted that she presented checks for signature with incorrect invoices, that she altered the payee line on checks after they had been signed, and that she procured an unauthorized signature stamp in the name of one of the corporate managers and used it to sign checks she prepared payable to herself.

Hall admitted that she used the embezzled funds for her own personal purposes, which included the funding of gambling activity. She also admitted that the IRS found that from 2006 to 2012, Hall embezzled \$702,130.79 from the accounts.

Hall also admitted that she filed a false 2007 federal income tax return with the IRS. The return reported adjusted gross income of \$57,322. Hall admitted she failed to report an additional \$169,455.80 in embezzled income on her tax return, which led to an additional tax due and owing of \$38,927.

Client Experience:

Challenge: We did not file our personal tax returns for eight years. Both self-employed, we had minimal records. The IRS sent us a warning letter. When we filed our returns, we owed more than \$325,000, including penalties and interest.

Solution: We called The Schlichting Group. They immediately started negotiations with the IRS.

Results: After extensive negotiations, the IRS accepted just \$24,449 to pay off our back taxes.

—Settling for less than we owed

PENN. WOMAN INDICTED ON FALSE RETURNS

Debra J. Feather, of Latrobe, Penn., has been indicted for income tax evasion. According to court records, during the years 2007 through 2010, Feather's joint federal tax returns were false because she failed to declare substantial income and her allegedly false returns resulted in substantial additional tax owing to the United States government.

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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IRS Question Corner ...

Question: *I'd like to pursue an Offer in Compromise, because I owe far more in back taxes than I can possibly pay. And, frankly, if I can't lower that amount, I don't know what I'll do. How can I know for sure whether an Offer in Compromise will work in my situation?*

Answer: For taxpayers who owe more in back taxes than they can pay, even if given time to pay off their debt in installments, the Offer in Compromise may be the solution.

First, you should understand why the IRS has the Offer in Compromise program. Over the years, the IRS realized that a bare-knuckled approach to tax collection wasn't always the most effective way to bring in money to the government. Simply, people who owed more than they could pay just wouldn't pay anything at all. Enter the Offer in Compromise. This program allows the IRS to negotiate with indebted taxpayers, creating a situation in which they will pay something rather than *nothing*. In fact, for taxpayers who qualify, the Offer in Compromise may decrease the tax debt by *a significant amount*.

Not every taxpayer qualifies for this program, of course, and you need to be able to show you do qualify. Your first step should be to consult a qualified tax professional. He or she will go through your previous return to make sure you have not made any errors that may be reporting that you owe more than you really do. After all, when negotiating with the IRS, why go in with a figure that is actually more than you truly owe?

Now, to be clear, not everyone qualifies for the Offer in Compromise, and your qualified tax professional will help you determine whether you qualify. Even if you do not qualify, rest assured that you have other options to satisfy your tax debt, such as paying off the debt in installments under an Installment Agreement.

I'm an IRS problem solver. For a free, no-risk consultation, please call my office at (972) 385-8182 | (877) 590-2500.