



## Tax Fraud Blotter: Fake returns, only \$3,000!

By Jeff Stimpson

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**Lauderhill, Fla.:** Preparers Luczor Fertilien, 39, and David Joseph, 37, have been sentenced to prison for conspiring to file and filing fraudulent federal returns.

According to documents and information provided to the court, Fertilien, Joseph and Frantz Petit-Dos owned Imperial Taxation and Multi-Services Corp. and Aleluya Universal Accounting Services, and from approximately 2010 through 2016 filed fraudulent returns for their clients seeking undeserved refunds.

The returns reported fictitious business income, fraudulent education and fuel tax credits, and claimed deceased individuals, whose IDs were stolen, as dependents. Fertilien, Joseph and Petit-Dos also did not report on their personal returns the illegal proceeds they received from this scheme.

The court found that Fertilien and Joseph caused a tax loss of more than \$1 million.

Fertilien received 30 months in prison; Joseph was sentenced to 24 months in prison. They were also ordered to each serve three years of supervised release. Fertilien was ordered to pay \$1,038,129 in restitution to the IRS and Joseph was ordered to pay \$1,289,351 in restitution to the IRS.

Fertilien, Joseph and Petit-Dos previously pleaded guilty to conspiring to defraud the U.S. and filing fraudulent returns. Petit-Dos will be sentenced on Oct. 6.

**Birmingham, Ala.:** Preparer Patrice Anderson, 37, of Fayetteville, Ga., has been convicted on 13 tax-related counts for using her prep business, Queen's Fast Tax, to file returns on behalf of others in 2010 and 2011 that she knew contained false information.

The jury found Anderson guilty of 12 counts of aiding or assisting others to prepare and file false income tax returns, and one count of filing her own false income tax return for 2010.

According to evidence, Anderson filed returns that claimed refundable credits her clients were not entitled to, inflating refunds. In return, Anderson charged clients abnormally high fees — up to \$3,000 per fraudulent return.

Anderson testified that she included only information given to her by clients on the returns she prepared. Authorities countered that even her own 2010, 2011 and 2012 returns contained some of the same false items characteristic of the fraudulent returns she filed for clients.

Anderson will face up to three years in prison.

**New York:** Steven Croman, a landlord with more than 140 apartment buildings across Manhattan, has been sentenced after pleading guilty for fraudulently refinancing loans and committing tax fraud.

Under the terms of his plea, Croman will serve one year of jail and pay a \$5 million tax settlement.

Croman fraudulently obtained several multi-million-dollar refinancing loans between 2012 and 2014 and committed tax fraud in 2011 by failing to withhold appropriate New York State payroll tax from certain employee paychecks. Investigators found that Croman purchased buildings with rent-stabilized units and, immediately after purchase, began the process of displacing rent-stabilized tenants while simultaneously attempting to refinance the initial mortgage.

Pursuant to the plea agreement and the defendant's allocution, Croman submitted false documents to banks, including rent rolls that falsely reflected market-rate rents for units that

were actually occupied by rent-stabilized tenants. He also inflated the amount of rent charged for certain commercial spaces in his buildings in an effort to show greater rental income. Croman falsified these rent rolls in order to inflate the annual rental income of his buildings, upon which his refinancing terms are partially based. Over three years, Croman received more than \$45 million in loans under these false pretenses.

Croman also intentionally failed to withhold New York State payroll taxes from bonus payments made to a former Croman Real Estate property manager, who was paid bonuses to get rent-stabilized and rent-controlled tenants out of Croman apartment buildings.

According to published reports, Croman presented a \$3 million check in Manhattan Supreme Court and a judge agreed to put off his surrender to jail until after this year's Rosh Hashanah and Yom Kippur holidays.



**Detroit:** A federal court in Detroit has permanently barred Tax Pioneer Co. and its owner Dieasha Davis from operating a prep business and preparing federal returns for others.

Tax Pioneer Co. and Davis agreed to the civil injunction order entered against them.

According to the suit filed in January, Davis, a former manager and preparer for a Liberty Tax Service franchisee, prepared fraudulent returns both during her time at Liberty and, since 2013, at Tax Pioneer. Davis and Tax Pioneer prepared returns with false or inflated income and expenses, bogus dependents, improper filing statuses and false itemized deductions, all with the purpose of fraudulently maximizing customer refunds and refundable credits, according to the complaint.

The government also alleges that Davis advised at least one client audited by the IRS to submit false records to convince auditors that bogus expenses claimed on the client's returns were in fact legitimate.

**Minneapolis:** University of Minnesota economics professor Beth E. Allen, 65, has been sentenced to a year's incarceration for failing to file her tax returns.

According to the criminal complaint, Allen failed to file her income tax returns since at least 2003, but due to the statute of limitations for tax crimes was only charged for the years 2010 through 2015. As an economics professor who taught graduate students, Allen earned \$160,000.

When she was interviewed in November 2016, Allen said she knew she needed to pay her taxes and was behind on filing her tax returns, but claimed she had not received notices from the Minnesota Department of Revenue. Search warrants of her 2013 Mercedes-Benz, office and where she was staying turned up more than 60 letters from the IRS and 19 letters from the MDOR.

Allen, who pleaded guilty in July, was also sentenced to two years of probation. After serving 90 days, she will be eligible for home electronic monitoring. In addition to more than \$100,000 Allen has already paid in back taxes, she must also pay an additional \$10,917.65 restitution to the state of Minnesota.

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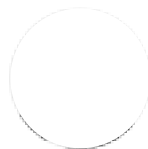
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**Reno, Nev.:** Attorney Delmar Hardy, 63, has been convicted of filing false returns and obstructing the internal revenue laws.

According to the indictment and evidence at trial, from approximately 2009 through 2010 Hardy concealed his business partner's \$700,000 investment in the company XYZ Real Estate. He did so and obstructed internal revenue laws by falsely claiming all of XYZ's profits and losses on his own 2009 and 2010 individual returns. Hardy also falsified his 2008 through 2010 returns by not reporting more than \$400,000 in cash income his law practice received.

Sentencing is Jan. 12, when Hardy faces a maximum of three years in prison for each count of filing a false return and obstructing the internal revenue laws. He also faces a period of supervised release, restitution and monetary penalties.



## **Jeff Stimpson**

Jeff Stimpson is a veteran freelance journalist who previously served as editor of *The Practical Accountant*.

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