

Presents

Tax Resolution Times



Orange is the New Black for Couple Who Defrauded Forever 21

Geraldine and Clayton Hill pleaded guilty to using a charity to evade taxes and defraud donors. The Hills founded On Your Feet, a tax-exempt charitable organization whose mission was to provide assistance to low income families and individuals in need in San Diego.

The Hills received millions of dollars' worth of goods from companies such as Feed the Children and Forever 21, with the explicit commitment that they would not sell any of the donated goods. However, between 2011 and 2016 they received over 16 million dollars' worth of goods, sold it for a profit of 1.3 million dollars, and paid no taxes. They made charitable donations of only \$13,000.

In 2015 Forever 21 donated 161 pallets of clothing valued at 5.6 million dollars. The Hills immediately sold the entire donation to a middleman for discount retailers. From the proceeds they spent \$380,000 on personal expenses, including vacations, entertainment, cars and luxury retail purchases. They spent another \$322,000 in cash.

In the organization's 2009 tax return the Hills claimed they received less than \$25,000 in gross receipts, and in tax years 2011-2015 they claimed less than \$50,000. For 2013-2014 they caused the US an estimated tax loss of \$50,933.

They face a maximum sentence of five years in prison for each tax evasion charge and mail fraud conspiracy.

Did You Know?

Both the clarinet and music lessons are tax deductible.

This is due to a 1962 provision added after orthodontists argued that playing the clarinet helps with a child's overbite and should qualify as a medical expense.

Inside this Issue:

Orange is the New Black for Couple Who Defrauded Forever 21Page 1
What Are the Odds? This Family gambled and lost, and Dad Went to Prison Page 1

Thank You! Page. 1

The Wrong Way to do Laundry Page 2

Covid 19- Wash Your Hands and

Don't answer That Email,,,,,Page 2

Director of Mis-information Page 2

IRS Questions Answered Page 2

What Are the Odds? This Family Gambled And Lost, and Dad Went to Prison

Larry Tillery of Beaumont, Texas was sentenced to 33 months in prison for tax evasion and for running a business that accepted illegal wagers on sporting events from 1985 to 2017. Tillery owned Daylight Motors, a used car dealership, and Lamar Capital, and used both companies as a front to launder the illegal gambling proceeds. He was ordered to pay restitution of \$1,000,040 and to forfeit approximately two million dollars in cash, jewelry and sports memorabilia. A judgment of \$32,758,541 was also ordered by the court.

Tillery's wife, Judy, was sentenced to 24 months' probation and shares the judgment with her husband. She assisted with laundering the proceeds of the operation, which allowed bettors to place bets on sporting events, including professional and collegiate basketball, baseball and football games via a website.

Brian Tillery, Larry's son, was sentenced to 24 months' probation and was ordered to forfeit \$245,477 and a home worth \$600,000. He collected money from bettors, paid bettors, and made wire transfers to pay illegal gambling debts. He also regularly mailed currency totaling more than \$10,000 through the US Post Office.

While the gambling operation was illegal, federal tax law still required that Tillery register with the IRS as a bookmaker, report total wages he accepted monthly, and pay a gross wagering excise tax of 2% every month. Between 2011 and 2016 alone, Tillery accepted at least 52 million dollars in illegal wagers, resulting in over a million dollars in wagering taxes he did not pay.

Thank you!

"What is the difference between a taxidermist and a tax collector? The taxidermist takes only your skin."

-Mark Twain

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!

The Wrong Way to Do Laundry

Armen Martirosyan pled guilty to federal fraud for opening more than a dozen bank accounts he knew would be used to launder tax refunds obtained from false tax returns using stolen identities.

He opened the first account in 2009 and deposited \$189,000 from 24 fraudulent tax refunds. Over the years Martirosyan opened a total of 15 bank accounts to launder money from illegal returns and laundered more than \$1,866,000 in stolen funds.

Martirosyan was part of a much larger crime ring that used false identities and fake Republic of Armenia passports to open hundreds of bank accounts used to launder funds from false tax returns. The scheme involved approximately 7000 false tax returns that sought almost 38 million dollars in refunds. The IRS issued nearly 14 million dollars in false refunds.

For his part in the scheme Martirosyan faces a maximum sentence of 30 years in prison.

Director of Mis-Information

Stephen Russo of Pennsylvania pleaded guilty to filing false tax returns and wire fraud after embezzling 2.79 million dollars from a former employer. Russo was the company's Director of Information Technology from 2013 to 2018 and had access to his employer's credit cards and lines of credit, which he used to make unauthorized payments to companies he owned or controlled. He used company funds to purchase items for personal use and that he sold, and had checks issued to companies he owned.

In 2017 Russo reported his taxable income as \$18,579 when in reality it was nearly one million dollars. He faces up to 23 years in prison as well as restitution, fines, supervised release and special assessments.

Your IRS Questions Answered Here...

Question: *I'm currently separated from my spouse, who owns his own business, and we are in the process of getting a divorce. I have always filed jointly with my husband and now the IRS is sending me notices stating I owe \$65,000. I have no idea how they are coming up with this amount as my spouse said he was always taking care of this and paying the IRS what was owed.*

Answer: You may be able to avoid this liability entirely under the IRS's Innocent Spouse Relief rules. Under federal law if an income tax return is signed by both husband and wife, both spouses are 100% responsible for the taxes owed. However, the law permits special consideration where a spouse cannot be held responsible for the underreporting of income or the understatement of tax that are attributable to the other spouse.

If you meet the following criteria you may be able to apply for innocent spouse relief: *Your spouse didn't report all their income; and you were not aware of it and no reason to know about it when you signed the tax return; and it would be unfair to hold you liable for the taxes owed due to your spouse's error.* If you feel you were deceived by your spouse or tricked into signing a return you thought was correct this will help your case too. There are many other ways you may be eligible for relief under the IRS's innocent spouse rules and we can help sort this out and determine the proper path for resolution.

Gahanian Law, PA will guide you through resolving your problems with the IRS. Call to set up an appointment. 904-872-8559.

COVID-19:

Wash Your Hands & Don't Answer That Email

The IRS is warning the public that scammers continue to use the Coronavirus pandemic as a cover to steal money and personal information.

One popular scam tries to get victims to pay a fee for their stimulus payment, while another tricks people into giving the scammer their social security number, bank account or government benefits debit card account number.

In May, more than 1200 stimulus related websites were registered. Sixty-seven of them were discovered to be malicious and/or suspicious. During one week in April Google saw more than 18 million malware and phishing emails related to COVID-19 scams, in addition to the 240 million daily spam messages it sees related to the pandemic.

Other schemes include fake at home test kits, fake cures, vaccines, pills and advice on unproven treatments. Some websites claim to sell medical supplies the buyer will never see. Another scam includes bogus opportunities to invest early in companies working on a vaccine.

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.

Call 904-872-8559