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THE TAX LAWYER

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### #1 Tax Lady Indicted For Tax Fraud Faces 25 Counts, 5 Years In Prison---Each

At tax time, prosecutors and the IRS like to showcase tax cases to help most people think just a little harder before filing their tax returns. In Kalamazoo, Michigan, a tax preparer doing business as #1 Tax Lady was arraigned [on 27 counts of tax fraud](#) for her role in filing false returns. The feds allege that Fontrice Lenee Charles, 39, filed numerous bogus tax return while operating as #1 Tax Lady.

They say over several years, she claimed approximately \$2,000,000 in improper refunds. The charges are serious. In fact, each of the 25 counts she faces carries a maximum sentence of five years in prison. She even faces charges for not reporting the income she was earning in her allegedly fraudulent tax business—plus claiming a dead person as a dependent. She is only indicted, of course, and the feds have to prove their case.

Yet even an indictment that commences a criminal tax case is sobering, and the IRS knows this. It is one reason there is a spike or criminal tax charges and plea deals announced at tax time. There could be even more right around April 15th, when taxpayers are thinking, “should I claim that aggressive deduction or play it safe?”



Still, it is worth noting that the feds are especially tough on return preparers. Claiming excess deductions on your own return is a bad idea and can backfire. Helping others to claim bogus deductions is even worse. The criminal penalty structure reflects that dichotomy.

You must sign under penalties of perjury, so don't [lie on your tax return](#). You may never be audited, but you *might* be. You may not have received a Form 1099 from someone who paid you. But perhaps they sent it in to the IRS and your copy was lost in the mail.

Of course, the vast majority of tax audits are civil and have little risk of criminal liability. Still, a majority of criminal tax cases start with a civil audit. The IRS and Justice Department are particularly likely to crack down on tax preparers who are defrauding their clients and the government at the same time.

A recent case in point was a husband and wife team running a Texas tax preparation business. In fact, the [couple got 15 years in prison— each](#). There can be considerable fallout for all of the clients of a preparer who is prosecuted. Errors will usually have to be corrected and taxes may need to be paid by the individuals involved even if they were duped. You are responsible for the contents of your tax return, so go over it carefully and raise any questions you have with your preparer.

Finally, if you aren't happy with your taxes, who is? Paying them is never fun. Even dealing with the paperwork can be downright stressful. But please, don't beat up your tax preparer! It's one thing to wring your hands over your taxes, or perhaps even to curse a bit. But don't [choke your tax preparer](#).

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