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IRS, Justice Department Warn Tax Cheats Are Prosecuted, Get Jail

With the tax deadline approaching, the feds are warning [potential tax cheats that tax crimes can result in prosecution and prison](#). Here is a name and shame list:

On March 16, 2016, Frank Alton Moody, II, an operator of Charlotte-area payroll services company CenterCede Services, Inc., was indicted for failing to pay more than \$9 million in federal payroll taxes to the IRS that had been withheld on behalf of CenterCede's clients. According to the indictment, Moody instructed and supervised others to prepare, sign and file employer's quarterly federal tax return, Forms 941 and thereafter did not remit payment of taxes reflected.



Amy Hilty, an accountant and former resident of Stanley, N.C., was sentenced to 18 months in prison in February 2016. Hilty pleaded guilty to tax evasion for hiding more than \$520,000 in personal income from the IRS and failing to

file tax returns for years 2008 through 2011. Hilty also pleaded guilty to wire fraud.

Jarrett Mitchem, a resident of Hendersonville, N.C. maintained a UBS bank account with a balance of approximately \$4M and failed to report the earnings from the foreign investments on his 2005-2008 tax returns. He was sentenced in February 2016 to nine months in prison and three months of home confinement.

Sammie Marks, a resident of Matthews, N.C., owned and operated a metal and salvage business and failed to report more than \$1.1 million of income he received from his business during years 2009 through 2013. Marks was sentenced in December 2015 to one year and one day in prison.

Janice Terry-Kidd, a resident of Huntersville, N.C., embezzled approximately \$526,000.00 from her employer, Wilburn Auto Body, from 2008 to 2013. As a Human Resource Officer responsible for payroll, Terry-Kidd used the social security number of a previous employee to create fraudulent payroll checks and direct them to be deposited into her personal bank account. In addition, Terry-Kidd failed to report income from the embezzled payroll checks on her own personal income tax return resulting in approximately \$106,000.00 of tax due and owing. Terry-Kidd was sentenced in November 2015 to 33 months in prison.

Teng Lor, a resident of Matthews, N.C., and the owner of T&C Equipment, Inc. and LOR Enterprises, Inc. which operated Laundromats in the Charlotte area concealed gross receipts and taxable income of more than \$545,000 from the IRS for the 2010 through 2012 years. Lor was sentenced in October 2015 to six months in prison and six months of home confinement.

Mark Le, a Huntersville physician, hid approximately \$2.4 million in personal income from the IRS in 2009 and 2010 by falsely claiming that certain payments were business expenses of his medical practice. Le used these funds to purchase and construct a \$2.4 million 8000-square foot residence on Lake Norman. Le, who pled guilty to tax evasion and health care fraud, was sentenced to 18 months in prison in September 2015.

Malik Shropshire, a resident of Charlotte, he was sentenced in February 2016 to 51 months in prison for filing false tax returns and lying on a loan application. Shropshire worked as a tax return preparer and aided and assisted in the preparation of hundreds of false tax returns, that included, among other things, false Schedule C businesses, false dependents, and false

refundable education credits.

Fitzroy Lawrence, a resident of Charlotte, he was sentenced in February 2016 to 27 months in prison for filing false tax returns. Lawrence aided and assisted in the preparation of hundreds of false tax returns which were filed with the IRS, seeking fraudulent tax refunds totaling approximately \$2.6 million.

Yolanda Tiess Kitson, was sentenced to 72 months in prison and ordered to pay restitution of more than \$3.9 million for her role in a fraudulent tax refund scheme involving using stolen identities to obtain fraudulent tax refunds.

Cara Michelle Banks pleaded guilty for her role in the same fraudulent tax refund scheme as Kitson and is awaiting sentencing.

For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not legal advice.