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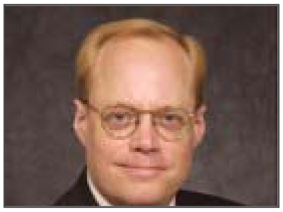

Robert W. Wood

THE TAX LAWYER

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Record 27 Years Prison For Tax Fraud, Beating Tax Fraud Queen's 21 Years

How long in prison can you get for tax fraud? Longer than you might think. A Florida man, James Lee Cobb III, was sentenced to 27 years, even more than another Florida defendant who received 21 year. Previously, many people were surprised at the 21 year sentence self-proclaimed 'Tax Fraud Queen' Rashia Wilson received, and she got the same sentence twice. She appealed, and an appeals court in 2014 struck down her 21 year term.

On remand, the trial judge would not budge on her 21-year term. The Tax Fraud Queen remains an inmate at Aliceville Federal Correctional Institute in Alabama. If she was the Queen, perhaps there is now a new king, 37 year old James Lee Cobb III, sentenced to 27 years. He collected 7,000 Social Security numbers, and scammed $1.8 million in tax refunds using stolen identities. He pleaded guilty to tax fraud and illegal possession of firearms, and his sentence was 27 years. That is a particularly long sentence. Of course, 27 years may not actually *mean* 27 years.

Compared to Ms. Wilson, Mr. Cobb was not as flamboyant. She posed with stacks of cash, dubbed herself the first lady of tax fraud, and challenged authorities to catch her. She teased the police with online entries like this one:

> *"I'M RASHIA, THE QUEEN OF IRS TAX FRAUD… I'm a millionaire for the record, so if U think indicting me will B easy it won't, I promise you! U need more than black and white to hold me down N that's to da rat who went N told, as if 1st lady don't have da TPD under her spell. I run Tampa right now."*

How far back can the IRS and prosecutors go? Usually, the answer is six years, although it can be more. After all, even determining when an alleged tax crime was committed can be hard to pinpoint. Does filing a false return start the six year clock? What about failing to file by the due date? How about covering it up later, hiding money, or lying about it?

All are potential problems that might occur many years after the tax return was filed or should have been filed. That means you may have to worry for many years beyond six. The issue is especially important if any later act keeps the statute open. Some courts have concluded that the six year statute doesn't even start to run until the last act of tax evasion.

For example, in *United States v. Irby*, the court held the six year statute began to run on the last act of evasion. Mr. Irby used nominee trusts to conceal his assets many years after he failed to file. He may have *thought* he only had to worry for six years, but his use of nominee accounts delayed when his six years commenced. That meant he could still be indicted, prosecuted and convicted.

Finally, you often hear people say that the statute of limitations *never* runs on fraud. For civil tax fraud, that's true. The IRS can come after you any time. But it's still rare for the IRS to go back too far. Problems of proof are too great, and the IRS bears a high burden of proof in fraud cases, even civil fraud.

Timing may not be everything, but it's terribly important in tax cases. No one wants to be in the position of lying low and worrying about being caught. Fortunately, sometimes these issues can be resolved in less painful and less expensive ways than you might think. Within the protection of attorney client privilege, it can pay dividends to get some professional advice.

For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.