



Department of Justice

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JACKSONVILLE TAX PREPARER SENTENCED FOR FIRST-TIME HOMEBUYER TAX CREDIT FRAUD

Jacksonville, Florida - U.S. Attorney A. Brian Albritton announces that U.S. District Judge Henry Lee Adams today sentenced James Otto Price, III, (47, of Jacksonville) to 30 months in federal prison for willfully preparing false tax returns. The court also entered a money judgment against Price in the amount of \$216,454.00, the loss attributable to Price's fraudulent conduct. Price had pleaded guilty on August 12, 2009.

According to the Internal Revenue Service, Price is the first tax preparer in the country to be found guilty and sentenced for committing tax fraud involving the First-Time Homebuyer Credit.

According to court documents, Price prepared numerous fraudulent tax returns. In at least fifteen tax returns prepared by Price for tax year 2008, Price falsely claimed that the taxpayers were eligible to receive the First-Time Homebuyer Credit made available by Congress pursuant to the Housing and Economic Recovery Act of 2008. A number of the taxpayers who Price claimed were eligible for the homebuyer credit were not even aware that Price had claimed a First-Time Homebuyer Credit on their returns. Other clients were erroneously advised by Price that if they merely contemplated buying a house in the upcoming months, they were eligible for the credit. Price knew when he prepared the tax

returns that the taxpayers whose returns had not purchased a home to qualify for the credit. Price also knew that his false representations were material to the IRS's determination of whether the taxpayer would receive the home buyer credit. Price was able to pay himself fees of approximately \$1,000 per fraudulent tax return by electronically debiting this amount from the \$7,500 home buyer credit and tax refund proceeds wrongly received by his clients.

In addition to the fraudulent returns involving the First-Time Homebuyer Credit, Price also fraudulently prepared 20 additional tax returns involving tax years 2004 and 2005. In those returns, Price intentionally overstated or made up charitable contribution deductions and unreimbursed employee expenses for the taxpayers. Price also intentionally made up false businesses and business expenses in order to increase the amount of the tax refund that his clients would receive.

The total tax loss attributable to Price as a result of the 35 fraudulent tax returns for which he was sentenced is \$216,454.00.

This case was investigated by the Jacksonville Division of the Internal Revenue Service. It was prosecuted by Assistant United States Attorney Nick Pilgrim.