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News Release

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Austin man sentenced for filing false tax returns

An Austin man was sentenced today in federal court in connection with filing false tax returns.

On Oct. 8 in St. Paul, United States District Court Judge Paul Magnuson sentenced Kevin J. Morse, unknown age, to 30 months in prison and one year supervised release on five counts of filing false tax returns. Morse was convicted by a federal jury Feb. 29 following a five-day trial.

Morse was convicted of filing false returns for the tax years 1996-2000. He had previously been convicted in 1999 of filing false tax returns for the tax years 1991-1994.

Morse, a farmer between 1996 and 2000, filed returns showing no taxable income or tax owing for four of the five years, and less than \$1,000 in taxes owing for 2000. The evidence presented by the government at trial, however, showed that between 1996 and 2000 Morse netted more than \$680,000 on more than \$1 million in revenue from farming, interest and dividends, government farm subsidies and rental of his land to other farmers.

A tax preparer who prepared returns for Morse in 2002 testified that he calculated Morse would owe more than \$100,000 in back taxes. But instead of filing those returns, Morse filed returns in which he deducted all of his income using an irrelevant section of the tax code, and thereby claimed to owe virtually no taxes.

The Court concluded that Morse owed more than \$120,000 in taxes for the years involved.

This case was the result of an investigation by the Internal Revenue Service-Criminal Investigation Division, and was prosecuted by Assistant U.S. Attorney Robert M. Lewis.