

NEWS

United States Department of Justice
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Christopher J. Christie, U.S. Attorney

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Owner of Atlantic City Tax Preparation Business and an
Employee Indicted in Scheme to Defraud the IRS

(More)

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CAMDEN – The owner/operator of an Atlantic City tax preparation business and an employee were indicted today for allegedly defrauding the IRS through the preparation of false individual income tax returns for their clients, U.S. Attorney Christopher J. Christie announced.

The Superseding Indictment describes a scheme in which Eduardo Cortez, 45, of Mays Landing, through his tax preparation business, known variously as Peoples Multiple Services, Perez Income Tax Service, Peoples Tax Services, and People's MultiLevel Services, defrauded the IRS of taxes due and owing by assisting and aiding clients in the preparation and filing of fraudulent and false individual tax returns.

The Indictment alleges that from January 2001 through April 15, 2004, Cortez and Rosalind Kengkart, 54, of Ventnor, an employee of the business, prepared individual income tax returns that contained false Schedule A deductions and other income-offsetting items.

In connection with their scheme, the Indictment charges Cortez with one count of conspiracy, 19 counts of aiding and assisting in the preparation of false income tax returns and one count of attempted tax evasion. Kengkart is charged with one count of conspiracy and six counts of aiding and assisting in the preparation of false income tax returns.

The Indictment also charges Cortez with attempted tax evasion for his failure to pay more than \$100,000 in federal taxes owed for tax years 1993-1995.

On April 17, both defendants made their first appearance in federal court on an earlier Indictment. U.S. Magistrate Joel Schneider released both defendants on \$100,000 unsecured bonds pending trial. The defendants will be arraigned on the charges contained in the Superseding Indictment in the coming weeks.

The conspiracy charge carries a statutory maximum penalty of 5 years in prison and a fine of \$250,000. Each count of aiding and assisting in the preparation and filling of false income tax returns carries a statutory maximum penalty of 3 years in prison and a fine of \$250,000. Count 21, which charges Cortez with attempted tax evasion, carries a maximum penalty of 5 years in prison and a fine of \$250,000.

In determining an actual sentence, the judge to whom the case is assigned would, upon a conviction, consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Despite indictment, each of the defendants is presumed innocent unless proven guilty beyond a reasonable doubt.

Christie credited Special Agents of the IRS Criminal Investigation's Mays Landing Field Office, under the direction of Special Agent in Charge William Offord in Newark, with the investigation leading to the indictment.

The Government is represented by DOJ Tax Division Trial Attorneys Shawn Noud and Mark Daly.

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Defense Attorneys:

Cortez - Joseph G. Gindhart, Esq. Atlantic City

Kengkart - Louis J. Ruch, Esq. Philadelphia