



*United States Attorney
District of New Jersey*

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BRONX MAN INDICTED IN TAX FRAUD SCHEME USING STOLEN RECORDS

NEWARK, N.J. – A federal grand jury indicted a New York City man today for his involvement in a scheme to file false tax returns using the names, dates, and Social Security Numbers of, among other victims, adult and pediatric cancer patients, United States Attorney Paul J. Fishman announced.

In the 28-count Indictment, Steven Nelson, 29, of Bronx, New York, is charged with conspiring with others to file false claims against the United States; filing false claims against the United States; possessing means of identification in connection with violations of federal law; unlawful use of Social Security Numbers; and aggravated identity theft.

According to the Indictment filed in this case:

The United States makes available Earned Income Credits (“EICs”) and Additional Child Tax Credits (“Child Tax Credits”) to lower-income taxpayers with minor children or other qualifying dependents. EICs and Child Tax Credits reduce eligible taxpayers’ tax liabilities and, in certain cases, entitle eligible tax payers to tax refunds.

Between February 2006 and March 2009, Nelson allegedly agreed with individuals identified in the Indictment as J.E. and A.F. to profit by using fraudulently obtained names, dates of birth, and Social Security Numbers to file false federal income tax returns that claimed tax refunds to which they were not entitled.

Nelson, A.F., and others allegedly obtained names and Social Security Numbers of adults from records at doctor’s offices, hospitals, nursing homes, health clinics, government offices, and other places in New York City where A.F. and others either worked or had access to such records. Nelson and others also allegedly obtained similar information belonging to minor patients from the records of pediatric cancer and other hospitals and health clinics in New York City.

Nelson prepared false federal income tax returns in the names of the adults whose information he had stolen, and used the personal identifiers of the minor patients on those false returns in support of fraudulently claimed eligibility for EICs or Child Tax Credits.

Nelson, J.E., and others filed the false returns electronically, either at commercial tax preparers or over the Internet. Nelson allegedly filed several false returns using unsecured residential wireless Internet connections in the Bronx and elsewhere so that the filing transactions

could not be traced to him. Once the returns had been filed, Nelson allegedly requested that tax refunds resulting from those returns be sent to addresses in the Bronx that he controlled, including his house, his neighbors' houses, and his child's mother's house.

Nelson, A.F., J.E., and others allegedly used counterfeit driver's licenses and other identification documents in the names of the adults whose information they stole in order to cash United States Treasury checks and other checks that represented the proceeds of the scheme, or otherwise caused deposits and withdrawals from bank accounts that they controlled.

Nelson and others allegedly caused approximately 163 False Returns to be filed with the Internal Revenue Service for the tax years 2005 through 2008, improperly claiming approximately \$507,000 from the United States government. The IRS paid at least \$200,000 in tax refunds based on the claims in the false returns.

If convicted, the defendant faces a maximum potential penalty per count as outlined in the following chart:

Count	Charge	Maximum Potential Penalty
1	conspiracy to submit false claims against the United States	10 years in prison; \$250,000 fine
2-8	false claims against the United States	5 years in prison; \$250,000 fine
9-18	identity theft	15 years in prison; \$250,000 fine
19-27	unlawful use of a Social Security Number	5 years in prison; \$250,000 fine
28	aggravated identity theft	2 years consecutive to Social Security Act counts

In determining the actual sentence, the United States District Judge assigned to the case will consult the advisory United States 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.

Nelson was previously charged by Complaint in September 2009 with access device fraud, along with Jason Eaton, 28, of Englewood, New Jersey. The case against Eaton remains pending.

U.S. Attorney Fishman credited Special Agents of Internal Revenue Service – Criminal Investigation, under the direction of Special Agent in Charge William P. Offord, and Special Agents of the United States Secret Service, under the direction of James Mottola, Acting Special Agent in Charge, Newark Field Office, with the investigation leading to these charges. Fishman also thanked the Englewood Police Department for its assistance in the investigation, which is continuing.

The government is represented by Assistant U.S. Attorney Seth B. Kosto of the U.S. Attorney’s Office Economic Crimes Unit in Newark.

The charges and allegations contained in the Indictment and Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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Defense counsel: Frank Lucianna, Esq., Hackensack, N.J.