



*United States Attorney
District of New Jersey*

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BRONX MAN PLEADS GUILTY TO TAX FRAUD SCHEME USING STOLEN RECORDS

NEWARK, N.J. – A Bronx, N.Y., man pleaded guilty today to his role in a scheme to file false tax returns using the names and Social Security Numbers of, among other victims, adult and pediatric cancer patients, United States Attorney Paul J. Fishman announced.

Steven Nelson, 29, pleaded guilty to Count One of an Indictment charging him with conspiracy to file false claims against the United States. The defendant entered his guilty plea before United States District Judge Dennis M. Cavanaugh in Newark federal court.

According to documents filed in this case and statements made during the guilty plea proceeding:

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.

Nelson admitted that he agreed with individuals identified in the Indictment as “J.E.,” “A.F.,” and others 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 the conspirators were not entitled. Nelson also admitted that he prepared false federal income tax returns in the names of the adults whose information he had stolen. He also used the personal identifiers of the minors on those false returns in support of fraudulently claimed eligibility for EICs or Child Tax Credits, all without the permission of the minors’ parents or legal guardians.

The names and Social Security Numbers of adults came from records at doctor’s offices, hospitals, nursing homes, health clinics, government offices, and other places in New York where A.F. and others either worked or had access to such records. Several of the minors’ identifiers Nelson used also corresponded to records of pediatric cancer and other hospital and health clinic patients in New York City.

Once the returns had been filed, Nelson directed the resulting refunds be sent to addresses in the Bronx that he controlled, including his house, his neighbors’ houses, and his child’s mother’s house. Nelson and others 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.

Nelson admitted to causing approximately 163 False Returns to be filed with the IRS 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.

Nelson faces a statutory maximum sentence of 10 years in prison and a maximum fine of \$250,000 on the conspiracy charge to which he pleaded guilty. He remains free on bail pending sentencing, scheduled for February 28, 2011.

U.S. Attorney Fishman credited special agents of IRS – Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, 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 the guilty pleas. Mr. Fishman also thanked the Englewood Police Department for its assistance in the continuing investigation.

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

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