



NEWS RELEASE

Office of the United States Attorney
Eastern District of Texas

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STATE JAIL INMATES GET FEDERAL PRISON FOR TAX SCAM

(Beaumont, Texas) Two Texas inmates will go to federal prison after completing their state sentences for a mail fraud scheme involving the filing of fraudulent tax returns with state tax authorities across the country. **GARY DEWAYNE DENNINGTON, 43**, received 37 months in federal prison and **VAUGHN DUWAYNE HARMAN, III, 38**, received 6 months of imprisonment in a sentencing hearing held today before United States District Judge Marcia Crone. Judge Crone ordered the sentences to be run consecutive to the state sentence they are currently serving and also placed the defendants on three years supervised release upon their release from prison.

According to information prosecutors presented in court, **DENNINGTON** and **HARMON** devised a scheme that ran from 1999 to 2003 to file fraudulent tax returns with various state tax agencies in Missouri, New Jersey, and Connecticut in order to claim refunds to which they were not entitled. The fraudulent returns included fabricated and altered W-2 forms which indicated the defendants had earned wages in the various states when they were actually incarcerated in Texas prisons in New Boston and Beaumont. Though many of the checks were intercepted by state prison staff some of the refund checks totaling several thousand dollars

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reached the defendants during the scheme. The defendants were indicted by a federal grand jury in December of 2003 and they each entered a guilty plea to one count of mail fraud in April of 2004.

U.S. Attorney for the Eastern District of Texas, Matthew D. Orwig, praised the work of the investigators on this case, "Instead of doing their time, these prisoners devised a money-making scheme to defraud the government and steal taxes paid by honest, hard-working Americans. Thanks to the watchful eye of the state prison staff, these undeserved refund checks didn't go unnoticed."

The case was investigated by the Beaumont office of the Federal Bureau of Investigation, the Texas Department of Criminal Justice, and the Departments of Revenue for the states of Missouri, New Jersey, and Connecticut. Assistant U.S. Attorney Robert Rawls prosecuted the case.

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