

NEWS RELEASE



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For Immediate Release

San Marcos Man Sentenced to 21 Months for Tax Fraud Conspiracy

NEWS RELEASE SUMMARY - March 8, 2004

Carol C. Lam, United States Attorney for the Southern District of California, and Eileen J. O'Connor, Assistant Attorney General for the Tax Division, Department of Justice, announced today that defendant Moises Moran was sentenced in United States District Court in San Diego to twenty-one (21) months incarceration for his role in a conspiracy to file more than 620 false U.S. individual income tax returns claiming approximately \$2,412,162 in bogus refunds. United States District Court Judge Thomas J. Whelan also ordered the defendant to pay restitution in the amount of \$841,873, to serve three years of supervised release, and to pay a \$100 special assessment.

Moises Moran, along with his brother Esteban Moran, had been charged with conspiracy and fifteen counts of making false claims upon the United States Treasury. The scheme involved fraudulent claims for refunds under the Earned Income Credit (EIC) program. Nearly all tax returns defendants prepared sought

the Earned Income Tax Credit as a refund. The EIC is a refundable federal income tax credit designed to assist low-income working families. For a taxpayer to qualify for the EIC, the taxpayer must: (a) meet the requirements of, and file, a federal income tax return under the filing status of married filing jointly or head of household; (b) have a qualified child; and (c) have earned income of no more than a specified amount. The EIC reduces the federal taxes a qualified person may owe. If the EIC amount exceeds the tax liability of a qualified taxpayer, the remaining EIC will be refunded to the taxpayer in the form of a check drawn upon the U.S. Treasury.

In his plea, Moises Moran admitted that he and his brother would solicit individuals to have defendant Esteban Moran prepare the individuals' tax returns. Defendants would obtain the Form W-2 and the names and social security numbers of any family members of the individual to prepare his/her return. Defendants would use the information obtained from these individuals to prepare additional tax returns, fraudulently claiming EIC refunds. For the taxpayer listed on the return to appear eligible for the Earned Income Tax Credit refund, defendants fabricated the income reported for that year. Defendants typically would attach a false Form W-2 to the return in an attempt to substantiate the income. Defendants also fraudulently listed dependents for the taxpayers on these tax returns, when no such dependents existed.

Moises Moran also admitted that when submitting the fraudulent tax returns, the defendants primarily used one of five different post office boxes and several other addresses over which they had control as the taxpayer's address for the refunds to be sent. After receiving the refunds, the defendants would then endorse the checks to themselves or to their family members and deposit the checks into accounts which they controlled. After depositing the refund checks, defendants would withdraw cash from the bank accounts via ATM machines in the United States and Mexico, or, alternatively, defendants would write checks from these accounts to "cash."

United States Attorney Lam said, "The defendants abused our tax system by manipulating a tax credit program meant to help the working needy. While most Americans file honest tax returns, those who do not can and will be prosecuted."

Denise L. Rubin, IRS Criminal Investigation Special Agent in Charge for San Diego stated, “This egregious case involved hundreds of fictitious tax returns that claimed fraudulent refunds totaling over \$2.4 million. The defendant in this case solicited individuals to prepare their tax returns and obtained the social security numbers of their family members. The defendant and his brother then used the information from these unwitting individuals to prepare and file completely fictitious tax returns. These types of illegal refund schemes take advantage of our tax system and will be aggressively pursued by IRS Criminal Investigation.”

Co-defendant Esteban Moran is currently a fugitive.

DEFENDANT

Moises Moran
Alias: Gilberto Tello

SUMMARY OF THE CHARGES

Title 18, United States Code, Section 286: Conspiracy to Defraud the United States by Making False, Fictitious or Fraudulent Claims Upon an Agency of the United States.
Maximum sentence of 10 years in prison and fine not to exceed \$1,000,000 per count.

AGENCY

Internal Revenue Service – Criminal Investigation.