



# NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY  
WESTERN DISTRICT OF MISSOURI

**TODD P. GRAVES**

---

Contact Don Ledford, Public Affairs • (816) 426-4220 • 400 East Ninth Street, Room 5510 • Kansas City, MO 64106

[www.usdoj.gov/usao/mow](http://www.usdoj.gov/usao/mow)

---

**OCTOBER 6, 2004**  
**FOR IMMEDIATE RELEASE**

**FORMER GLADSTONE TAX PREPARER INDICTED FOR  
USING SHAM INTERNET BUSINESSES TO OBTAIN  
OVER \$1 MILLION IN FRAUDULENT  
TAX CREDITS AND REFUNDS**

**KANSAS CITY, Mo.** – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a former Gladstone, Mo., tax preparer was indicted by a federal grand jury today for preparing and filing fraudulent tax returns on behalf of his clients, who purchased phony tax shelters. Under this tax fraud scheme, Graves said, clients were set up with sham Internet businesses and claimed more than \$1 million in tax credits and refunds to which they were not entitled.

**Donald E. Hicks**, 71, of Gladstone, was charged in a 34-count indictment returned by a federal grand jury in Kansas City. **Hicks** was an insurance agent and tax-return preparer doing business as Hicks Tax & Financial Services at 6301 N. Oak Trafficway in Gladstone.

Count One of the federal indictment alleges that **Hicks** was involved in a conspiracy to defraud the United States and impede the Internal Revenue Service in collecting revenue from Nov. 8, 2000, to July 31, 2002.

According to the indictment, **Hicks** promoted and sold an Internet-based business, a Web site shopping mall known as ShopN2000, in conjunction with Oryan Management and Financial Services in Upland, Calif. The Web site was purportedly modified to allow the blind to have access and shop online, the indictment says, which **Hicks** and other conspirators told their customers made them eligible to claim the Disabled Access Credit and a business deduction. In reality, the indictment alleges, the business was merely an illegal tax shelter whose sole purpose was to allow taxpayers to receive a reduction of federal income taxes by claiming business expenses, business losses, and the Disabled Access Credit, none of which they were entitled to receive.

ShopN2000, the indictment says, was and is a tax fraud scheme because the tax deductions and credits claimed are based on false and fraudulent representations and statements.

**Hicks** and other members of the conspiracy allegedly collected \$2,000 from each taxpayer and had them sign a sham promissory note for \$8,475. They then prepared a federal tax return for the taxpayer that falsely and fraudulently claimed a \$5,000 Disabled Access Credit and business expenses and losses of \$5,475, the indictment says.

Counts Two through Thirty-Four of the federal indictment allege separate instances in which **Hicks** furthered the conspiracy by assisting in the preparation and filing of fraudulent tax returns.

A notice of special findings contained in the indictment alleges that, as a result of the offenses alleged in the indictment and related relevant conduct similar to that charged in the indictment, **Hicks** caused a tax loss in excess of \$1 million.

Graves cautioned that the charges contained in the indictment are simply accusations, and not evidence of guilt. Evidence supporting the charges must be presented to a federal trial jury, whose duty is to determine guilt or innocence.

This case is being prosecuted by Senior Litigation Counsel Gene Porter. It was investigated by the Internal Revenue Service - Criminal Investigation Division.

\*\*\*\*\*

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

[www.usdoj.gov/usao/mow](http://www.usdoj.gov/usao/mow)