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**FOUR INDICTED IN SCHEME TO SELL  
MILLIONS IN FRAUDULENT TAX DEDUCTIONS**

*Charges Involve \$10 Million in Deductions for Charitable Donations*

**GREENBELT, Maryland** - United States Attorney for the District of Maryland Rod J. Rosenstein and Eileen J. O'Connor, Assistant Attorney General for the Tax Division of the U.S. Department of Justice, announce that today an indictment was unsealed charging attorney A. Thomas Thorson, age 65, of New York, New York; Glendle R. Johnston, age 63, of Fredericksburg, Virginia; certified public accountant Thomas D. Franks, age 55, of Asheville, North Carolina; and John H. Ross, age 57, of Fredericksburg, Virginia, for crimes committed in connection with a scheme to sell millions of dollars worth of fraudulent income tax deductions. The indictment was returned under seal by a federal grand jury on Thursday, September 29, 2005.

“Our tax system relies upon people honestly reporting and paying the taxes that they owe,” said United States Attorney Rod J. Rosenstein. “People who cheat the IRS are cheating their friends, neighbors and fellow citizens. We will investigate and prosecute not just people who use fraudulent tax schemes, but also lawyers and accountants who devise and implement fraudulent tax schemes.”

Rick A. Raven, Special Agent In Charge, Internal Revenue Service, Criminal Investigation, stated, “Unscrupulous scheme promoters often twist the law for their own personal profit. If it sounds too good to be true, it probably is.”

The four-count indictment charges the defendants with one count of conspiracy to defraud the U.S. Treasury Department, and three counts of aiding the filing of false income tax returns.

The indictment alleges that the defendants engaged in the scheme to enrich themselves and others by selling and claiming millions of dollars in false and fraudulent tax deductions for donations of cemetery sites to charities. To that end, the indictment alleges that the defendants and others convinced wealthy individuals to invest in a particular partnership. The defendants and others

allegedly told investors that by becoming partners, they would receive a tax deduction and resulting tax benefit that would be substantially larger than their investment. From 1996 through 1998, investors paid more than \$2.3 million to purchase more than \$10 million in tax deductions.

The indictment further alleges that the investors' funds were used to purchase cemetery sites at locations in Waldorf, Maryland, and Stafford County, Virginia, which later were donated to a charity. The partnership then filed returns with the Internal Revenue Service that falsified the purchase dates of the sites in order to fraudulently claim that the cemetery sites had been held for more than one year prior to the donation. Internal revenue laws allow taxpayers to take a deduction in the amount of the fair market value of property that has been held for more than one year. The partnership returns claimed that the investors were entitled to a deduction for the purported market value of the cemetery sites, which was substantially more than the cost of the sites, enabling the investors to claim millions of dollars of tax deductions to which they were not entitled.

The scheme also involved concealing income received from the sale of the tax benefits by failing to file and filing false individual income tax returns, disguising income as non-taxable loans, and back-dating documents, according to the indictment.

The maximum penalty for the conspiracy charge is five years in prison and a \$250,000 fine. The maximum penalty for each count of aiding and assisting false income tax returns is three years in prison and a \$250,000 fine.

An indictment is not a finding of guilt. A defendant charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

United States Attorney Rod J. Rosenstein commended the investigative work performed by the Internal Revenue Service, Criminal Investigation. Mr. Rosenstein thanked Assistant U.S. Attorney Michael R. Puzé, and Bruce Salad, an attorney from the Tax Division of the Justice Department, who are prosecuting the case.