



United States Attorney's Office  
Central District of California

Thom Mrozek  
Public Affairs Officer

(213) 894-6947  
[thom.mrozek@usdoj.gov](mailto:thom.mrozek@usdoj.gov)

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### **ORANGE COUNTY TAX PREPARER SENTENCED TO PRISON FOR AIDING IN THE PREPARATION OF FALSE TAX RETURNS**

A federal judge in Santa Ana today sentenced the operator of DeAngelo Tax Service in Yorba Linda and Western Tax Service in Anaheim to 51 months in federal prison for conspiring to defraud the Internal Revenue Service and aiding and assisting in the filing of false tax returns.

Samuel Joseph DeAngelo was sentenced this morning by United States District Judge James V. Selna.

During the 2000 and 2001 filing seasons, DeAngelo owned and operated a tax return preparation business. During the 2000 filing season, DeAngelo operated DeAngelo Tax Service out of his residence in Yorba Linda. During the 2001 season, he operated Western Tax Service out of an office suite in Anaheim.

DeAngelo trained each of the tax preparers who worked at his companies to make false, misleading and inaccurate statements on U.S. Individual Income Tax Returns, which are called Forms 1040. These false statements included the falsifying and inflation of charitable contributions, employee business expenses, and depreciation.

DeAngelo Tax Service and Western Tax Service charged preparation fees that were substantially higher than the fees charged by comparable services in 2000 and 2001. The return preparers obtained the above-market fees from their clients because the clients were receiving inflated refunds from the IRS. DeAngelo paid the return preparers who worked for him a percentage of the tax return preparation fee they charged the client.

The preparers at Western Tax Service prepared approximately 8,122 tax returns for the 2001 tax year. The IRS has determined that the tax loss attributable to the 2001 tax returns totals nearly \$15.5 million.

DeAngelo was indicted along with six others in a conspiracy to aid and assist others in the preparation of false tax returns filed with the IRS. Those individuals included Jeffrey Russell Wright, DeAngelo's son-in-law, who assisted in the preparation of tax returns for DeAngelo Tax Service and Western Tax Service; Alan Michael Hovey, a return preparer for Western Tax Service; Heather Lee Chaffin, originally a secretary and later a return preparer for DeAngelo Tax Service and, subsequently, Western Tax Service; and Douglas Shields, a data entry clerk and then a tax return preparer for Western Tax Service.