



# U.S. Department of Justice

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## **ROCKFORD FEDERAL INCOME TAX PREPARER PLEADS GUILTY TO MAKING FALSE CLAIMS FOR REFUNDS**

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, and ALVIN PATTON, Special Agent-In-Charge of the Chicago Office of the Internal Revenue Service - Criminal Investigation Division (“IRS-CID”), today made the following announcement:

**JERRY P. JOHNSON**, age 57, Rockford, Illinois, pleaded guilty today in federal court in Rockford to a charge of making false claims for federal income tax refunds.

According to the plea agreement, Johnson admitted that in 2001 he started a tax preparation business called “Jerry’s Services” and that for the tax years 2003 and 2004 he prepared federal income tax returns for clients in Rockford. Johnson further admitted that he prepared and caused to be filed with the Internal Revenue Service (“IRS”) 20 individual income tax returns for his clients for the years 2003 and 2004 which were false and fraudulent. The returns used the wrong filing status of his clients, failed to report all of his clients’ incomes, claimed IRA contributions that had not been made, and claimed false deductions.

Johnson further admitted as part of the plea agreement that after filing the false returns electronically with the IRS, he provided his clients with a second set of tax returns which did not include the false claims and which claimed lesser amounts of refunds. Johnson admitted that he directed that the refunds due his clients be deposited into his own bank account. Johnson then issued checks to his clients for the amounts of the refunds reflected on the second set of tax returns, rather than the amount of refunds claimed in the returns filed with the IRS. Johnson admitted that he kept the remainder of the inflated refunds. Johnson also admitted that between January 2000 and December 2005, he filed an additional 39 tax returns on behalf of his clients which were false and fraudulent. Johnson admitted that the total amount of false claims which he submitted to the IRS in the 59 tax returns was \$100,266.

Sentencing for Johnson will be conducted on May 14, 2008, at 2:30 p.m. Johnson faces a maximum sentence of five years of imprisonment, a fine of up to \$250,000 and a period of supervised release of up to three years following imprisonment, in addition to restitution ordered by the court. His actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

The case was investigated by the Chicago office of the IRS-CID. The case will be prosecuted in federal court by Assistant United States Attorney JOSEPH C. PEDERSEN.

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