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News Release

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Jury convicts Minneapolis man of conspiracy to defraud, aiding false tax returns

Earlier this afternoon a federal trial jury in St. Paul convicted a 52-year-old Minneapolis man in connection to a scheme to defraud the Internal Revenue Service ("IRS") out of more than $2.5 million. Mark David Maxwell was found guilty of one count of conspiracy to defraud the IRS and two counts of aiding a false tax return. Maxwell was indicted on August 20, 2008, along with five co-defendants. Maxwell then fled prosecution and remained a fugitive until captured by the U.S. Marshals Service.

The evidence presented at Maxwell's trial proved that between June 2001 and October 2004, Maxwell conspired with others to defraud the United States by obstructing the functions of the IRS. He also aided in the preparation and presentation of false and fraudulent tax returns.

Specifically, Maxwell and his co-defendants utilized three schemes to perpetrate their fraud. First, they taught their "clients" how to use a false federal tax Form 1041, on which the client claimed to be a trust rather than an individual. As a result, the client deducted all or nearly all income as a "fiduciary fee," reported little or no taxable income or taxes owed, but still often claimed a refund for all or nearly all federal income taxes withheld. Second, Maxwell and his co-defendants prepared tax returns for themselves and their clients on which they claimed refunds by declaring all or nearly all of their earnings as tax deductible when that was not true. Third, Maxwell and his co-defendants structured their business as well as the businesses of their clients as limited liability companies, purportedly owned by non-profit organizations. The clients' companies then distributed their profits among bank accounts held by the non-profits, which did not file tax returns or pay taxes. In reality, however, the clients controlled the companies and the money that passed through them.

Maxwell and his co-defendants charged their "clients" fees to participate in these various schemes. The defendants also levied and, in a few instances, received a percentage of the tax refunds obtained by their clients.

Maxwell faces a potential maximum penalty of five years in prison on the conspiracy charge and three years for each count of aiding false tax returns. U.S. District Court Judge Patrick J. Schiltz will determine his sentence at a future date.

The primary defendant in this case, Douglas Earl Leiter, 41, Minneapolis, was sentenced on August 18, 2009, to 121 months in prison. Brian Keith Scott, 43, Zimmerman, was sentenced on July 30, 2009, to 78 months in prison; Laurie Therese Brausen, 52, St. Paul, was sentenced on April 22, 2009, to six months in prison; and Christopher Craig Robinson, 36, Plymouth, was sentenced on August 26, 2009, to 20 months in prison. A sentencing date for Timothy Paul McCarthy, 63, St. Paul, has not yet been scheduled. McCarthy was convicted of one count of conspiracy and two counts of aiding a false tax return on December 9, 2008, after a jury trial.

This case was the result of an investigation by the IRS-Criminal Investigation Division and the Minnesota Department of Revenue. It was prosecuted by Assistant U.S. Attorney Michael L. Cheever and U.S. Department of Justice Tax Division Attorney Michael Romano.

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