NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California

United States Attorney
Laura E. Duffy

RAMONA TAX PREPARER PLEADS GUILTY TO MURDER-FOR-HIRE, WITNESS TAMPERING, FILING FALSE TAX RETURNS WITH THE IRS, IDENTITY THEFT, MONEY LAUNDERING, AND FRAUD

NEWS RELEASE SUMMARY - August 10, 2012

United States Attorney Laura E. Duffy announced that Steven Martinez, a tax preparer and former Revenue Agent with the Internal Revenue Service (IRS), pled guilty today in federal court in San Diego to criminal charges including murder-for-hire, witness tampering involving attempted murder, solicitation of a crime of violence, mail fraud, filing false tax returns, Social Security fraud, aggravated identity theft, and money laundering.   Martinez pled guilty to a total of 12-counts in the superseding indictment.

As part of his guilty plea, Martinez admitted that in late February 2012, he solicited a third party to murder four former clients who were victims of his fraud and slated to testify against him in his pending criminal tax case.   The third party contacted the San Diego division of the FBI on February 28, 2012 to

report the murder-for-hire plot by Martinez. According to the complaint, a subsequent meeting between the third party and Martinez was recorded and videotaped by the FBI.

According to the complaint, Martinez told the would-be assassin "he could make him rich for the rest of his life, $100,000 cash, if he eliminated the lady in Rancho Santa Fe and the lady in La Jolla." The third party said Martinez "suggested that the former employee use two different pistols for the murders and that he acquire a silencer."

Martinez admitted in court that he tried to prevent the former clients' testimony by offering the third party $100,000 to murder them. He admitted he provided the third party with four written packets of detailed information about the former clients, including photos of the soon-to-be murder victims, their homes and personal information. Martinez admitted that once the murders took place, he would pay the perpetrator $40,000 in cash, followed by the remaining $60,000 in cash within 72 hours of the murders.

In addition, Martinez admitted that he filed false tax returns and defrauded his clients by stealing over $11 million in tax payments. Martinez admitted that he presented his clients with completed tax returns indicating that they owed a significant amount of tax. He requested that his clients write checks payable for the amount of taxes due and owing to an alleged client trust account (instead of directly to the IRS or the California Franchise Tax Board). Martinez also convinced these same clients to write checks during the tax year for estimated tax payments to the same alleged client trust accounts. Rather than deposit these checks into a true trust account, Martinez admitted that he took the checks and deposited them into several nominee bank accounts. In an attempt to conceal his fraud, Martinez admitted that he filed a different set of false tax returns indicating that his clients owed little or no income tax. Martinez admitted that he converted approximately $11 million in stolen taxpayer funds for his own personal benefit, and used them to make home improvements, purchase real estate, purchase a beach home in Mexico, pay for the use of a private airplane, make investments of more than $2 million in other entities, and make payments of more than $2 million for his personal use credit cards and loans.

As part of his fraudulent tax scheme, Martinez admitted that he committed Social Security fraud and aggravated identity theft by using the Social Security numbers of his clients without authorization when he filed the false tax returns with the IRS. Martinez admitted he committed mail fraud by mailing the false tax returns to the IRS. Martinez also admitted that he laundered approximately $2 million through nominee bank accounts for his own business and personal use. Finally, Martinez admitted that he knowingly and intentionally filed false personal income tax returns for tax years 2004, 2005, 2006, and 2007.

This case is being investigated by Special Agents with the Internal Revenue Service, Criminal Investigation, and the Federal Bureau of Investigation.

A sentencing hearing has been set before U.S. District Judge William Q. Hayes on November 30, 2012.

DEFENDANT   **Criminal Case No. 11CR1445WQH**

Steven Martinez

CHARGES THAT DEFENDANT PLED GUILTY TO:

Count 4: Title 18, United States Code, Section 1341 – Mail Fraud
 Maximum Penalties: 20 years of imprisonment and a fine equal to twice the gross loss caused to persons by the offense

Count7: Title 26, United States Code, Section 7206(2) – Procuring False Tax Returns
 Maximum Penalties: 3 years of imprisonment and $250,000 fine

Counts 21: Title 42, United States Code, Section 408(a)(8) – Social Security Fraud
 Maximum Penalties: 5 years of imprisonment and $250,000 fine

Counts 33: Title 18, United States Code, Section 1028A – Aggravated Identity Theft
 Maximum Penalties: 2 years of imprisonment, consecutive to any other sentence

Count 47: Title 26, United States Code, Section 7206(2) – Making False Tax Returns
 Maximum Penalties: 3 years of imprisonment and $250,000 fine

Count 49: Title 18, United States Code, Section 1957 – Money Laundering
 Maximum Penalties: 10 years of imprisonment and $250,000 fine

Counts 50 through 53: Title 18, United States Code, Section 1512(a)(1)(A) – Witness Tampering

Maximum Penalties: 30 years of imprisonment and $250,000 fine per count

Count 54: Title 18, United States Code, Section 1958 – Use of a Facility of Interstate Commerce in Commission of Murder-For-Hire
Maximum Penalties: 10 years of imprisonment and $250,000 fine

Count 55: Title 18, United States Code, Section 373 – Solicitation of a Crime of Violence
Maximum Penalties: 15 years of imprisonment and $250,000 fine

AGENCIES

Internal Revenue Service, Criminal Investigation
Federal Bureau of Investigation