

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

TAX PREPARER SENTENCED TO 18 MONTHS IN CUSTODY FOR FALSIFYING 283 TAX RETURNS COSTING THE GOVERNMENT ALMOST \$1 MILLION

NEWS RELEASE SUMMARY - September 12, 2012

United States Attorney Laura E. Duffy announced today that John Leonard Camilo was sentenced to serve 18 months in custody by United States District Judge Larry A. Burns.

According to court records, in early 2004, Camilo began preparing and filing United States Federal Income Tax Returns for his friends, associates and acquaintances (the "taxpayers"). When filing these returns, Camilo falsified a variety of pertinent information on the returns in order to reduce the taxpayers' liability, create and/or increase the amount refunded to the taxpayers. Between 2004 and 2010, Camilo assisted at least 91 different taxpayers in filing at least 283 different returns. The total amount of loss to the government (as some individuals may have been entitled to a portion of the refunds they received) was at least \$400,000.

In order to obtain – or maximize – refunds for the taxpayers, Camilo created fictitious businesses that were allegedly being operated by the taxpayers. Camilo would then create false business expenses (entirely out of "whole cloth") which indicated that the fictitious businesses were being operated at significant losses. These losses would then be reported on a "Schedule C" and resulted in the taxpayers evading the payment of taxes and getting refunds to which they were not entitled.

As detailed in the plea agreement, other methods utilized by Camilo to willfully aid and assist in the preparation of false income tax returns were: (1) the creation of false educational expenses utilized to claim educational tax credits; (2) the improper claiming of individuals as dependents who – although they were real people – were not, in fact, dependents of the taxpayers on whose return they were claimed; and (3) the creation and inflation of "Schedule A" itemized deductions (such as medical expenses) that had no basis in reality.

Camilo prepared the false returns as a favor to the taxpayers, who he did not charge any money. Occasionally, Camilo would receive a gift in exchange for preparing the false return. Over the years, Camilo's friends and associates began recommending other individuals to Camilo so that he eventually assisted scores of taxpayers with “stealing” money from the government by filing false returns.

As noted in court earlier today, Camilo devised a scheme to obtain money from 14 (of the 91) taxpayers by providing them with different returns than the ones that he filed with the government. Defendant gave these 14 taxpayers returns that indicated that they were not due a refund from the government. He then knowingly and willfully falsely represented to these individuals that he would file these returns.

Rather than file these returns, however, Camilo prepared 21 different returns (or amended returns) that falsely indicated that the 14 taxpayers were due a refund from the government. These 21 false returns resulted in the government paying out \$120,107.37. In order to conceal his actions from these 14 taxpayers, Camilo used two different mailing addresses which he controlled, rather than the correct mailing address of the taxpayers.

After the \$120,107.39 in refunds were sent to the two mailing addresses controlled by Camilo, he forged the taxpayers signature on the checks and deposited them into bank accounts that he had opened in

the taxpayers' name. Although Camilo did give \$45,289.95 of the funds to the taxpayers, he kept \$74,817.42 for his own benefit and enjoyment.

United States Attorney Duffy praised the enforcement work by the IRS who diligently pieced together the full scope of the tax fraud.

DEFENDANT **Criminal Case No. 11cr1395-LAB**

John Leonard Camilo

SUMMARY OF CHARGES

- Count 1: Title 18, United States Code, Section 1341 – Wire Fraud
Maximum penalties: 20 years custody; \$250,000 fine; \$100 S/A; 3 year supervised release.
- Count 2: Title 26, United States Code, Section 7206(2) – Preparation of False Tax Returns
Maximum penalties: 3 years custody; \$250,000 fine; \$100 S/A; 1 year supervised release.

INVESTIGATING AGENCIES

Internal Revenue Service, Criminal Investigation
Treasury Inspector General for Tax Administration