



Department of Justice

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FOR IMMEDIATE RELEASE

09/24/10

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FEDERAL JURY CONVICTS C.E.O. OF ATLANTA AREA TAX RETURN PREPARATION BUSINESS FOR TAX FRAUD CONSPIRACY

*Over \$500,000 In False Claims Made To The IRS
On Behalf Of U.S. Virgin Islands Taxpayers Between 2004-2007*

ATLANTA, GA - After a four-day trial, a federal jury late this afternoon found VERNON A. ROBERTS, 52, of Conyers, Georgia, guilty on one count of Conspiracy to Defraud the United States, and guilty on eight counts of Aiding or Assisting the Preparation of False Tax Returns. The jury found that ROBERTS' scheme was to electronically file ("e-file") hundreds of false personal income tax returns with the Internal Revenue Service on behalf of residents of the United States Virgin Islands by providing false Georgia addresses, false income amounts, and other false information in order to misrepresent his U.S. Virgin Islands clients' eligibility to claim over \$500,000 in Earned Income Tax Credits and other refunds between 2004 and 2007.

United States Attorney Sally Quillian Yates said of today's verdict, "Stealing from the U.S. Treasury is no different from stealing from your neighbors, your friends and your own community. With these verdicts today, a federal jury has sent a powerful message to tax cheats like the Defendant who take advantage of IRS e-filing programs to rob the United States Treasury: Your crimes will be detected, you will be investigated, and you will be brought to justice."

Reginael McDaniel, Special Agent in Charge of the Internal Revenue Service-Criminal Investigation, Atlanta Field Office, said that, "Georgia ranks fifth in the nation in the filing of false returns to obtain fraudulent refunds. Today's conviction is a step forward in reducing that number. Return preparer fraud is a priority for IRS Criminal Investigation and we have committed many resources to investigating and prosecuting cases just like this one. Taxpayers should be very selective in choosing a return preparer, and have confidence knowing that person will prepare accurate tax returns."

According to United States Attorney Yates, the charges, and other information presented at trial, ROBERTS was the Chief Executive Officer of "PC TAX SERVICE" (now known as "LIBERTY TAX SERVICE"), located at 6844 Main Street, Lithonia,

Georgia. ROBERTS was found guilty of conspiring with co-workers GREGORY A. SHEPHERD, 55, of Stone Mountain, Georgia; GUILLERMINA CARMONA, 38, of Kissimmee, Florida (formerly of Fredericksted, Saint Croix, U.S. Virgin Islands); and others, of defrauding the United States by e-filing more than 200 fraudulent Form 1040 U.S. Individual Income Tax Returns with the IRS on behalf of taxpayers who lived in the U.S. Virgin Islands between 2004 and 2007.

As part of the scheme, in 2003, ROBERTS hired CARMONA to recruit clients in Saint Croix, U.S. Virgin Islands, where CARMONA lived. In 2004, ROBERTS hired SHEPHERD to be the Office Manager of PC TAX SERVICE. CARMONA and SHEPHERD then aided and assisted ROBERTS in preparing and e-filing hundreds of personal income tax returns that provided false Georgia addresses and other false information for the clients, thereby misrepresenting their eligibility to claim the Earned Income Tax Credit, a special tax credit aimed at helping low and middle income taxpayers with children who reside in the 50 states and the District of Columbia.

Although the U.S. Virgin Islands is a United States possession, the U.S. Virgin Islands has a separate tax system and its taxpayers are generally required to file their tax returns with the U.S. Virgin Islands Bureau of Internal Revenue in Saint Croix or Saint Thomas. Such taxpayers are not eligible for the Earned Income Tax Credit in returns filed with the IRS in the U.S., unless they lived in the 50 states or the District of Columbia for more than six months of the tax year.

After ROBERTS e-filed the fraudulent returns each tax season, the co-conspirators used the HSBC BANK refund anticipation loan process to expedite the payment of the refunds to the clients within two weeks after the filing of the returns. The refunds were as much as \$6,000 per return. Before distributing the refunds to the clients, ROBERTS deducted preparation fees for PC TAX SERVICE, which were as much as \$950 for each return, part of which he then shared with CARMONA, SHEPHERD, and others in the form of commissions and salaries. ROBERTS and others acting at his direction, then mailed the checks to CARMONA in Saint Croix, where she distributed them to the clients. The returns claimed a total of \$560,149 in fraudulent refunds from the United States Treasury over a four-year period.

A federal grand jury in Atlanta indicted ROBERTS, CARMONA, and SHEPHERD on March 24, 2010. CARMONA pleaded guilty to one count of conspiracy on May 26, 2010, agreed to cooperate in the investigation, and testified at ROBERTS' trial. SHEPHERD pleaded guilty to one count of conspiracy on September 13, 2010, also agreed to cooperate, and also testified at ROBERTS' trial.

CARMONA and SHEPHERD face a maximum sentence of five years in federal prison and a fine of up to \$250,000 on their charges. ROBERTS faces a maximum sentence of five years in federal prison and a fine of up to \$250,000 on the conspiracy

count, and three years in federal prison and a fine of up to \$250,000 on each count of aiding or assisting in the preparation of false tax returns. There is no parole in the federal criminal justice system. ROBERTS and the other defendants may also be required to pay in excess of \$400,000 in restitution to the U.S. Treasury.

Sentencing for CARMONA and SHEPHERD is scheduled for December 1, 2010, at 3:00 p.m., before Senior United States District Judge Orinda D. Evans. Sentencing for ROBERTS has not yet been scheduled. In determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

This case was investigated by Special Agents of the Internal Revenue Service-Criminal Investigation in Atlanta, Georgia, and Saint Croix, U.S. Virgin Islands.

Assistant United States Attorney David M. Chaiken is prosecuting the case.

For further information please contact Sally Q. Yates, United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.justice.gov/usao/gan.