

Department of Justice

United States Attorney James A. Lewis
Central District of Illinois

FOR IMMEDIATE RELEASE
TUESDAY, NOVEMBER 20, 2012
www.usdoj.gov/usao/ilc/

CONTACT: SHARON PAUL
PHONE: (217) 492-4450

Decatur Man Sentenced to 28 Months in Prison for False Tax Return Scheme

Springfield, Ill. – A Decatur, Ill., man, Charles Drake, 48, has been ordered to serve 28 months in federal prison for his role in a tax fraud conspiracy scheme led by his now-deceased brother-in-law that claimed more than \$1,000,000 in false tax refunds over three years, from 2005 to 2008. Senior U.S. District Judge Richard Mills sentenced Drake yesterday, Nov. 19, 2012. Drake was ordered to report in January 2013 to the federal Bureau of Prisons to begin serving his sentence. Drake was also ordered to pay restitution in the amount of \$692,172 with defendant Jennifer Muhammad.

Muhammad, also known as Jennifer Powers, of Springfield, Ill., was charged in a separate but related case. She was sentenced in April 2012, also by District Judge Mills, to serve 45 months in federal prison. Muhammad was remanded to the custody of the U.S. Marshals Service, and was ordered to pay restitution in the amount of \$899,549. Muhammad pled guilty on Aug. 3, 2011, to one count each of conspiracy to commit fraud and aiding and assisting in the preparation of false and fraudulent tax returns. Muhammad admitted that she became involved in the conspiracy in 2005, with her now-deceased stepfather, and that she recruited individuals whose name and social security number were used to prepare false tax returns that falsely claimed earned income credit.

On Feb. 22, 2012, Drake pled guilty to one count each of mail fraud and to aiding and assisting in the preparation of false and fraudulent tax returns. During court proceedings and in court documents, Drake admitted that in December 2006 he became involved in his now deceased brother-in-law's fraud conspiracy scheme by recruiting individuals whose names and social security numbers were used to prepare false tax returns. Drake admitted that he allowed his personal address to be used on some of the returns where the refund checks were sent; that he opened a post office box in Springfield for the purpose of receiving tax refund checks; that he paid others to allow their addresses to be used on some of the returns where the refund checks were sent; and that he took individuals to a check cashing facility to cash the checks. The amount of the tax refund checks varied between \$2,200 and \$2,600. Typically, the individual whose name was on the return was given a small portion of the refund check, generally no more than \$600, and the balance was received by Drake and his brother-in-law. According to court documents, for the period from Dec. 15, 2006, to April 18, 2008, when Drake was involved in the conspiracy, approximately 300 fraudulent returns associated with the scheme were filed with the IRS. The returns claimed refunds of more than \$1,000,000 and more than \$700,000 in refunds were issued by the IRS.

(More)

2

Typically, the fraudulent tax returns falsely claimed earned income credit. Generally, the earned income credit is available to low income wage-earning or self-employed taxpayers to reduce the amount of tax due; however, if the amount of the credit exceeded the tax due, the taxpayer received the excess as a refund.

The charges were investigated by the Criminal Investigation Division of the Internal Revenue Service. The cases were prosecuted by Assistant U.S. Attorney Gregory K. Harris.

####