



*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE  
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**MANHATTAN U.S. ATTORNEY CHARGES IRS EMPLOYEE  
WITH STEALING OVER \$160,000 IN UNCLAIMED TAX REFUNDS**

PREET BHARARA, the United States Attorney for the Southern District of New York, and KEVIN J. MCGLYNN, the Special Agent-in-Charge of the Treasury Inspector General for the Tax Administration in New York ("TIGTA"), announced today the unsealing of an indictment charging FERN STEPHENS, a revenue officer at the Internal Revenue Service ("IRS"), on charges of mail fraud, theft of government funds, and unlawful access of a government computer, relating to STEPHENS's theft of more than \$160,000 in unclaimed tax refunds. STEPHENS was arrested early this morning, and is expected to be presented this afternoon in Manhattan federal court. The case has been assigned to U.S. District Judge SHIRA A. SCHEINDLIN.

According to the Indictment unsealed today in Manhattan federal court:

STEPHENS has been an employee of the IRS from January 1984 through December 2010. Since at least the early 1990s, STEPHENS has served as an Revenue Officer. In that capacity, she is responsible for the collection of taxes from both individuals and corporations.

From March 2003 through November 2010, STEPHENS used her position as a Revenue Officer to steal taxpayer funds held by the IRS. She accomplished this by, among other things, making false entries in an IRS system known as the Integrated Collection System ("ICS"). In these entries, she falsely documented purported requests to transfer corporate or business entity tax refunds or payments. STEPHENS then caused the IRS to issue checks, wires and credits to her relatives and close associates.

Because STEPHENS was responsible for collecting tax debts, she was in a position to know when an owner of a small business did not know the IRS owed it money. For example, in 2003, STEPHENS stole \$3,340.20 from a bankrupt company that had been based in Manhattan. STEPHENS did so by claiming that the principal of the business contacted the IRS and asked for the refund to be issued in the principal's name. In fact, the "principal" to whom STEPHENS had the refund check issued was her niece, who, according to the true owner of the business, had no claim to this money whatsoever.

STEPHENS's scheme began in March 2003 and continued through November 2010. In total, STEPHENS stole over \$160,000 belonging to twelve taxpayers, which she sent to eight family members and associates.

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If convicted of all counts contained in the indictment, STEPHENS faces a maximum sentence of 35 years in prison.

Mr. BHARARA praised the investigative work of TIGTA. He also thanked the U.S. Postal Inspection Service, U.S. Veterans Administration Office of the Inspector General in West Palm Beach, and the U.S. Postal Service Office of the Inspector General, for their assistance in the investigation.

The case is being prosecuted by the Office's Public Corruption Unit. Assistant U.S. Attorney WILLIAM J. HARRINGTON is in charge of the prosecution.

The charges and allegations contained in the Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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