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SENIOR EXECUTIVE OF UPPER MANHATTAN EMPOWERMENT ZONE
SENTENCED IN MANHATTAN FEDERAL COURT TO 27 MONTHS
IN PRISON FOR FRAUDULENT TAX REFUND SCHEME

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that KELVIN CRUCEY, formerly a senior executive at the Upper Manhattan Empowerment Zone and a tax preparer, was sentenced today in Manhattan federal court to 27 months in prison for his participation in a fraudulent tax return scheme in which he used the stolen identities of residents of Puerto Rico to submit false tax returns to the Internal Revenue Service. As a result of the scheme, he fraudulently obtained approximately \$250,000, in tax refund checks. U.S. District Judge SHIRA A. SCHEINDLIN imposed the sentence.

According to the Superseding Information to which CRUCEY previously pled guilty, as well as other documents filed in the case and statements made during his guilty plea and sentencing proceedings:

CRUCEY was employed from 1996 until 2010 by the Upper Manhattan Empowerment Zone ("UMEZ"), most recently as Senior Vice President of Finance and Administration. The UMEZ is one of nine empowerment zones established by the Clinton Administration in 1994 to revitalize distressed communities by using public funds and tax incentives as catalysts for private investment. In addition to his senior position at UMEZ, CRUCEY owned and operated a tax preparation business, CRUCEY AND ASSOCIATES, and he was a member of both the Institute of Management Accountants and the Association of Certified Fraud Examiners.

In 2006 and 2007, through his tax preparation business, CRUCEY participated in a scheme to make money by filing fraudulent tax returns and seeking refund checks using Social Security numbers and other identification information stolen from residents of Puerto Rico. In the fraudulent tax returns that

CRUCEY prepared, he falsely claimed that the filers had earned taxable income outside of Puerto Rico but within the 50 states of the United States, and were entitled to refunds.

CRUCEY and his co-conspirators then cashed the fraudulently-obtained tax refund checks and pocketed the money. To cash the checks, CRUCEY took advantage of banking relationships he had developed through his employment at UMEZ. CRUCEY cashed, and had others cash, at least \$249,600, in tax refund checks at the same banks where UMEZ maintained its accounts, with the aid of a banker whom CRUCEY knew through his position at UMEZ. CRUCEY falsely represented to the banker that the checks were for clients of CRUCEY's tax preparation business.

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In addition to the prison sentence, Judge SCHEINDLIN ordered CRUCEY to pay restitution of over \$249,000, to the IRS, and to serve a term of three years of supervised release to follow his prison sentence.

Judge SCHEINDLIN said at sentencing: "It's just as important in white collar cases -- fraud against the Government or any other victims -- to have punishment as it is in street crimes."

Mr. BHARARA praised the Internal Revenue Service, Criminal Investigation Division ("IRS-CID") for its outstanding work on this case. In addition, Mr. BHARARA thanked the Office of the Attorney General for the State of Rhode Island and the IRS Boston Field Office and Warwick, Rhode Island Post of Duty for their assistance in the investigation.

This case is being prosecuted by the Office's Complex Frauds and General Crimes Units. Assistant U.S. Attorneys SERRIN TURNER and DANIEL W. LEVY are in charge of the prosecution.

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