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**TAX PREPARER WHO PERPETRATED \$28 MILLION TAX REFUND
FRAUD SCHEME SENTENCED IN MANHATTAN FEDERAL COURT
TO 72 MONTHS IN PRISON**

PREET BHARARA, the United States Attorney for the Southern District of New York, and CHARLES R. PINE, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service ("IRS"), Criminal Investigation Division, announced that LESTER MORRISON, a tax preparer who was the leader of a tax fraud scheme that resulted in the issuance of more than \$28 million in fraudulent refunds, was sentenced in Manhattan federal court to 72 months in prison for his role in the conspiracy. MORRISON was also ordered to pay restitution of \$17.3 million to the IRS. The sentence was imposed by U.S. District Judge SIDNEY H. STEIN.

According to the Superseding Indictment and statements made during MORRISON's guilty plea and sentencing proceedings:

Since at least 2000, MORRISON and his co-defendants, PAULETTE BULLOCK, KEVIN VADEN, GARY HANNA, and JOY DAVID, filed more than 7,500 returns - most of them fraudulent - through a tax preparation business with locations in the Bronx and New Jersey.

MORRISON, BULLOCK, VADEN, HANNA, and DAVID employed a variety of deceptive practices to carry out their tax fraud scheme, and claim more than \$28 million in refunds. These included, among others: (1) using stolen identities of deceased children to falsely claim them as dependents on clients' returns; (2) claiming "business losses" from fictitious businesses; (3) claiming as deductions thousands of dollars in non-existent charitable contributions and miscellaneous job expenses; (4)

falsely claiming credits for education expenses; and (5) falsely claiming credits for child-care expenses. Each of the defendants earned inflated commissions and fees related to the fraudulent refunds they generated.

MORRISON was the leader of the conspiracy, opening the tax preparation business in the Bronx, and later assisting in preparing tax returns at the New Jersey locations. MORRISON also conducted a class for his co-defendants during which he explained how to prepare fraudulent returns.

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This case was part of "Operation Brass Tax," a joint investigation conducted by the U.S. Attorney's Office for the Southern District of New York and the IRS. Operation Brass Tax was the largest coordinated takedown of corrupt tax preparers in history.

MORRISON pled guilty in August to one count of conspiracy to defraud the IRS and one count of obstructing the administration of internal revenue law.

MORRISON's co-defendants, PAULETTE BULLOCK, JOY DAVID, KEVIN W. VADEN, and GARY HANNA previously pled guilty and will be sentenced before Judge STEIN. BULLOCK, 52, of Oxford, North Carolina, is scheduled to be sentenced on February 4, 2011. DAVID, 29, of Ridgefield, New Jersey, is scheduled to be sentenced on January 21, 2011. VADEN, 47, of Amityville, New York, and HANNA, 30, of Ridgefield, New Jersey, are scheduled to be sentenced on March 3, 2011.

Mr. BHARARA thanked the IRS, which investigated the case. He also thanked the U.S. Department of Justice's Tax Division for their assistance.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant U.S. Attorneys JAMES PASTORE, SANTOSH ARAVIND, and E. DANYA PERRY are in charge of the prosecution.

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