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**FORMER TAX PREPARER SENTENCED IN MANHATTAN FEDERAL
COURT TO 3 YEARS IN PRISON FOR TAX PREPARER FRAUD**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ROBERT PABST, owner and sole operator of Tax Quick LLC, a tax preparation business in New York, New York, was sentenced today in Manhattan federal court to three years in prison for aiding and assisting in the preparation of fraudulent tax returns in tax years 2002, 2003, and 2004. U.S. District Judge PAUL G. GARDEPHE, who imposed the sentence, also imposed a one year term of supervised release and ordered PABST to pay \$71,000 in restitution to his former clients whose tax returns he prepared and who were subsequently audited for tax years 2002, 2003, and 2004.

According to the Superseding Indictment to which PABST pled guilty, other documents filed in Manhattan federal court, and statements made during the guilty plea and sentencing proceedings:

PABST ran a tax preparation business, Tax Quick LLC, out of his apartment. PABST marketed himself as an expert in preparing taxes for makeup artists and other professionals with side businesses. While preparing their taxes, PABST probed extensively into his clients' personal expenses--including clothing, rent, movies, shows, newspaper, and magazine expenses--and fraudulently induced them to claim those expenses as business expenses related to their freelance businesses. In many instances, PABST caused his clients to report freelance income of hundreds of dollars and fraudulent deductions of tens of thousands of dollars. As a result, PABST's clients received thousands of dollars worth of refunds to which they were not entitled. PABST directly benefitted from these fraudulent refunds by charging his clients a percentage of their refund as his fee. PABST's fraud resulted in between \$1 million and \$2.5 million in losses to the U.S. Government.

After PABST learned that he was under investigation, he supplemented his work papers prior to turning them over to prosecutors in an effort to strengthen his defense.

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During the sentencing proceeding Friday, Judge GARDEPHE noted that "[t]he system would collapse if a significant portion of taxpayers committed the type of fraud that Mr. PABST committed here." Regarding the sentence imposed, Judge GARDEPHE stated, "This is a pernicious crime, difficult to detect, strikes at the heart of the voluntary tax system we have, and those tax preparers that engage in this conduct have to understand that if they choose to do so, they will go to jail."

In addition to the prison term, Judge GARDEPHE sentenced PABST to one year of supervised release and ordered him to pay restitution to his former clients in the amount of \$500 per tax return filed for tax years 2002, 2003, and 2004 that was prepared by PABST and that was later audited by the IRS, for a total of \$71,000.

Mr. BHARARA praised the work of the Internal Revenue Service in this investigation.

Assistant U.S. Attorneys MICHELLE PARIKH BROWN and WILLIAM HARRINGTON are in charge of the prosecution.

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