

**IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF FLORIDA
TALLAHASSEE DIVISION**

UNITED STATES OF AMERICA

CASE NO.: 4:16cr42-RH

v.

LYDIA JENNINE THOMAS
_____ /

STATEMENT OF FACTS

THE UNITED STATES OF AMERICA and the Defendant provide this factual basis for the acceptance of the Defendant Lydia Jennine Thomas' plea of guilty. This statement of facts does not contain each and every fact relating to the commission of the offenses charged in the information in the captioned case, but is a recitation of those facts necessary to provide a factual basis for Defendant's plea. Were this case to proceed to trial, the government is prepared to present evidence as follows:

Between on or about January 4, 2012, and on or about March 9, 2014, Defendant knowingly and willfully stole money of the United States by preparing and electronically filing fraudulent tax returns both for willing participants and using stolen personal identifying information ("PII"). Defendant typically prepared false tax returns claiming false income that generated refunds averaging around \$6,000 each.

FILED IN OPEN COURT THIS
9-12-2016

**CLERK, U.S. DISTRICT
COURT, NORTH. DIST. FLA.**

In 2015, the Internal Revenue Service ("IRS") learned through a cooperating defendant ("CD") and a confidential informant ("CI") that Defendant had been preparing fraudulent tax returns for the previous 4-5 years. Defendant prepared fraudulent 2011 tax returns for these two individuals that were both filed in 2012.

The CD reported that in 2012, Defendant prepared false tax returns for him/her, I.S., and K.R. at Defendant's residence located on Greenon Lane in Tallahassee, Florida. The IRS located the fraudulent 2011 tax returns for the CD, I.S., and K.R. They were all filed from the same IP address on January 15, 2012. The fraudulent returns were submitted through Turbo Tax but no refunds were issued. The CD reported seeing Defendant prepare other fraudulent returns and paying others \$30.00 to \$40.00 for stolen PII. According to the CD, Defendant preferred to use PII from nursing home residents and tried to recruit people who worked at nursing homes to provide stolen PII. Defendant would set-up drop addresses, such as abandoned houses and rental properties, for the debit cards and treasury checks. Defendant paid the CD to cash treasury checks and withdraw funds from debit cards issued in the names of others and instructed him/her to buy or steal PII. The CD collected PII from homeless people for which Defendant paid him/her \$80.00 to \$100.00.

The CI reported that Defendant prepared his/her 2011 tax return at Defendant's Greenon Lane residence on Defendant's Compaq notebook computer. The IRS located this return, claiming \$24,447 in false income and a refund of \$8,055, which

was filed from a Century Link IP address.¹ Records show that the refund was deposited on a debit card in the CI's name and sent to an address on Colbert Road, Tallahassee (the residence of Defendant's step-mother P.P.). The CI stated Defendant drove him/her to Hancock Bank where he/she withdrew the funds. The CI paid his/her cell phone bill and received about \$1,000. Defendant kept the rest. The CI saw Defendant prepare fraudulent tax returns on her notebook computer at the Greenon Lane residence and at the Colbert Lane residence after Defendant moved there in early 2012. The CI assisted Defendant while Defendant was living at the Greenon Lane home. The CI witnessed over 20 people come to the home and provide stolen PII to Defendant. Defendant used disposable phones to check debit card balances and used the Wells Fargo debit card of her step-sister, O.S., to open a Been Verified² account to collect and confirm PII to file fraudulent tax returns.

Defendant's step-mother, P.P., was interviewed and stated Defendant prepared her 2014 tax return which was filed from a Comcast IP address assigned to K.S. (Defendant's step-sister) at her Colbert Road residence³. P.P. denied knowledge of

¹ Century Link records list Defendant as the subscriber to an internet account from August 2, 2011 – February 6, 2012, at the Greenon Lane, Tallahassee, Florida residence, but the IP address was not available.

² An internet subscription service that provides background reports based on public records.

³ The IRS identified 28 fraudulent tax refunds filed from this same IP address claiming total refunds of \$131,261 and actual losses of \$10,064.

the \$4,000 education expense on the return and stated she did not go to school or tell Defendant to claim it. P.P. works at Cee Jays Group Home as a caregiver.

Defendant's step-sisters, K.S. and O.S., also lived at the Colbert Road residence. K.S. confirmed that the internet at the residence was in her name and that the password was written on the back of the router and accessible to the entire family. The IRS located a fraudulent 2013 tax return for O.S. claiming false wages of \$33,104 and a \$6,647 refund filed on or about February 18, 2014, from the same IP address. O.S.'s girlfriend, T.M., also lived at the Colbert Road residence from around 2011, through 2013. The IRS located a fraudulent 2013 tax return for T.M. claiming false wages of \$29,141 and a \$4,369 refund filed from the same IP address filed on or about February 21, 2014. T.M. denied filing a tax return since 2006 and stated she did not give anyone permission to file a tax return in her name.

The IRS also located fraudulent returns filed in the name of Defendant's god-daughter, B.D. (2011 and 2012 tax years) and Defendant's boyfriend, B.F. (2013 tax year). B.F.'s return was also filed from the Colbert Road IP address.

The IRS identified four persons whose PII was reportedly used without their permission to file fraudulent 2013 tax returns from the Colbert Road IP address on or after a Been Verified report was requested: O.S., T.M., W.J.L., and R.M.R. A refund was only issued for R.M.R. in the amount of \$2,315 for a fraudulent 2013 tax year return filed on February 11, 2014. The name, date of birth, and social security

number of R.M.R. were included on the fraudulent return. R.M.R. confirmed that she didn't file a 2013 tax return and hasn't worked or filed a tax return in ten years. According to Metabank records, a debit card was activated on February 9, 2014, in R.M.R.'s name and subsequently mailed to an address on Colbert Road in Tallahassee. The debit card loaded with the refund was accessed with two unidentified telephone numbers that were also used to access a Metabank debit card in the Defendant's name.

On April 22, 2016, Defendant telephoned IRS-SA Merchant and stated she wanted to cooperate and meet with SA Merchant. On April 29, 2016, SA Merchant and IRS-SA Diggs interviewed Defendant at the IRS-CI Office in Tallahassee. This was a voluntary interview and *Miranda* was not read.

Tax returns in Defendant's name were filed in 2009 and 2011. The 2009 tax return listed an address in St Petersburg, Florida; \$10,465 of Household Help ("HSH") income; and a refund of \$8,416. Defendant thought she prepared this return and admitted that the HSH income was false. The 2011 return listed an address in Texas; \$22,438 Chase dividend income; and a \$7,444 refund, which was stopped. This return was filed from an IP address in the Marimar, Florida, area along with 906 other fraudulent returns. Defendant did not recognize this return and denied she filed it.

Defendant admitted preparing fraudulent tax returns from approximately 2008 to 2015. She was taught how to prepare false returns in 2008. The last false return she prepared was in 2014 for her step-mother, P.P., claiming a false education credit and Defendant's son as a dependent. Defendant stated that she prepared fraudulent returns mainly for willing people and sometimes received stolen PII from others. She admitted preparing fraudulent tax returns using stolen PII on at least 20 people, who were real persons and who didn't know false tax returns had been filed in their names.

Defendant used internet tax software from Turbo Tax, Tax Act and USA Tax on her laptop computer to file fraudulent tax returns. She spoke with other tax fraudsters and shared formulas to get large refunds that the IRS accepted using false form W-2, interest income, dividend income, and education credits. She used as employers: Sweetbay Education, Tallahassee Cookie, and Gapco, LLC. She recalled claiming false interest/dividend income from Wells Fargo and Bank of America. She claimed the \$1,000 education credit on tax returns whether the individuals went to school or not. Defendant charged higher fees to prepare fraudulent tax returns for people she did not know and based on the refund amount; such as \$1,500 to \$2,000 when there was a refund of \$5,000.

Defendant admitted that she shares formulas and stolen PII with an individual named S.W. Defendant admitted S.W.'s Been Verified account was used to get real addresses for stolen PII to use on fraudulent tax returns. Defendant paid an \$8.00 fee on her Netspend account in July 2014, for S.W.'s Been Verified account.

Defendant admitted living at the Greenon Lane residence in Tallahassee from August 2011, to January 2012, and stated that numerous people stayed there with her, including South Florida tax fraudsters who also used the home IP address to file fraudulent tax returns. Defendant identified an individual (R.D.) who also electronically filed fraudulent tax returns using the Greenon IP address. Defendant filed tax returns with PII belonging to inmates provided by R.D. Defendant filed fraudulent returns for R.D.'s daughter, L.P., and mother, R.P. Defendant stated that other individuals also electronically filed false returns from the IP address at the Colbert Road residence.

Defendant admitted preparing 2011 fraudulent tax returns filed from the Greenon IP address for the following individuals:

- T.S.
- J.W.
- I.S.
- K.R.
- B.D.
- T.B.
- M.L.T.
- M.D.H.
- M.L.P.

- D.J.G.
- K.S.R.
- M.D.O.
- B.T.W. (Defendant also filed a false 2102 tax return without his knowledge because he owed her money)
- K.D.J., Jr.
- R.P.
- C.S.B.
- S.E.H.
- C.D.M.
- S.L.D.
- C.T.G.
- M.T.H.

Defendant admitted preparing 2013 fraudulent tax returns filed from the Colbert

Road IP address for the following individuals:

- O.S.
- T.M.
- BF.
- W.J.L.
- R.M.R. (Defendant admitted this was an Identity theft victim who didn't know a false tax return was filed with her PII. Defendant got R.M.R's PII from S.W.)

Based on the records SA Merchant had her review, Defendant admitted to filing 27 fraudulent tax returns for tax years 2011 and 2013 starting on January 4, 2012, through March 9, 2014, claiming \$196,974.00 in refunds resulting in a loss of \$118,813.00.

SA Merchant identified additional 2012 and 2013 returns of individuals whom Defendant admitted preparing their 2011 returns, and that were filed from the same IP address. **Adding these returns to those Defendant admitted results in total fraudulent claims of \$247,339.00, with refunds issued resulting in a loss of \$125,189.00**

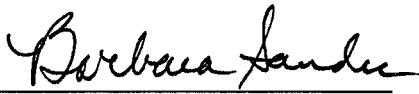
ELEMENTS:

Theft of Government Money or Property

1. The money or property described in the indictment belonged to the United States;
2. The defendant embezzled, stole, knowingly converted the money or property to his own use or to someone else's use;
3. The defendant knowingly and willfully intended to deprive the owner of the use or benefit of the money or property; and
4. The money or property had a value greater than \$1,000.00

Aggravated Identity Theft

1. The defendant knowingly transferred, possessed, or used another person's means of identification;
2. Without lawful authority;
3. The defendant knew the means of identification belonged to an actual person; and
4. The defendant transferred, possessed, or used the means of identification during and in relation to an enumerated felony in 18 USC 1028A(c).

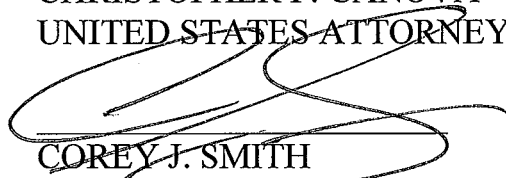


BARBARA SANDERS
Attorney for Defendant

9-12-16

Date

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9/12/16

Date

Defendant's Acknowledgement

I have read the above statement of facts and agree that the government can present evidence as set out above. I understand that I may present the Court with my own version of the facts and may dispute particular allegations against me.



LYDIA JENNINE THOMAS
Defendant

9-12-16

Date