

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

UNITED STATES OF AMERICA,

v.

RAYMOND P. PETRARCA,
Defendant

CRIMINAL CASE NO. **CR 17 88 JJM**

26 U.S.C. § 7206(2)

AIDING AND ASSISTING IN THE PREPARATION AND PRESENTATION OF FALSE TAX RETURNS

INDICTMENT

The Grand Jury charges that:

At all times relevant to this Indictment, unless otherwise stated:

FILED
SEP 26 2017
U.S. DISTRICT COURT
DISTRICT OF RHODE ISLAND

INTRODUCTORY ALLEGATIONS

1. Defendant RAYMOND P. PETRARCA (“PETRARCA”) was a resident of West Warwick, Rhode Island.
2. PETRARCA owned and operated a tax preparation business called Stratus Financial Group, Inc. (“Stratus”), which was located in Warwick, Rhode Island.
3. The Internal Revenue Service (“IRS”) was an agency of the United States Department of the Treasury responsible for administering and enforcing the tax laws of the United States.
4. Form 1040, U.S. Individual Income Tax Return (“Form 1040”) was a tax return submitted to the IRS on a yearly basis in the name of an individual taxpayer and in the names of married taxpayers filing jointly, wherein certain items were reported including income, expenses, exemptions, and deductions to determine the amount of tax owed or the amount to be refunded to the taxpayer.

5. Schedule A, Itemized Deductions (“Schedule A”) was an IRS form that was attached to the Form 1040 and used to claim certain permissible deductions from taxable income. Deductions to be claimed on a Schedule A included, among other things, gifts to charity and home mortgage interest.

6. Form 8283, Noncash Charitable Contributions (“Form 8283”) was an IRS form that was attached to the Form 1040 and used to claim more than \$500 in noncash gifts to charity. Items to be identified on Form 8283 included, among other things, the names and addresses of organizations to which the taxpayer had purportedly donated property, the dates of the purported donations, and the fair market value of the purportedly donated property.

7. Form 5695, Residential Energy Credit (“Form 5695”) was an IRS form that was attached to the Form 1040 and used to claim credits for residential energy efficiency improvements.

8. Through Stratus, PETRARCA prepared and filed and caused to be prepared and filed with the IRS Forms 1040 and related Schedules and Forms for Stratus clients using, among other means, the Electronic Filing Identification Number assigned by the IRS to Stratus and the Preparer Tax Identification Number assigned by the IRS to PETRARCA.

The False and Fraudulent Tax Returns

9. PETRARCA prepared and filed and caused to be prepared and filed with the IRS false and fraudulent Forms 1040 and related Schedules and Forms for Stratus clients for at least tax years 2010 through 2015. Schedules A that PETRARCA prepared and caused to be prepared were false in that they reported fictitious and inflated amounts of home mortgage interest and gifts to charity, including on Forms 8283. At times, Forms 5695 that PETRARCA prepared were false in that they reported fictitious and inflated amounts of residential energy efficiency improvements.

10. PETRARCA's preparation of false and fraudulent Forms 1040 and related Schedules and Forms resulted in the IRS issuing tax refunds to taxpayers to which the taxpayers were not entitled.

COUNTS ONE THROUGH FORTY-FOUR

**AIDING AND ASSISTING IN THE PREPARATION
AND PRESENTATION OF FALSE TAX RETURNS
(Title 26, United States Code, Section 7206(2))**

11. The allegations in Paragraphs 1 through 10 are realleged in each Count of this Indictment as if set forth fully herein.

12. On or about the dates set forth below, within the District of Rhode Island and elsewhere,

RAYMOND P. PETRARCA,

defendant herein, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation under the internal revenue laws to the Internal Revenue Service of the Forms 1040 and attached Schedules and Forms in the names of the taxpayers listed below, whose identities are known to the Grand Jury, for the tax years set forth below. The Forms 1040 and attached Schedules and Forms were false and fraudulent as to material matters, in that they represented that the taxpayers were entitled under the provisions of the internal revenue laws to claim the deductions and credits set forth below, among others, whereas PETRARCA then and there knew that the taxpayers were not entitled to claim the deductions and credits in the amounts set forth below:

Count	Taxpayers	Tax Year	Approx. Filing Date of Return	False and Fraudulent Items	Amount Claimed
1	R.B. & D.B.	2011	March 14, 2012	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$11,696 b. \$4,871

2	R.B. & D.B.	2012	March 21, 2013	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity	a. \$12,002 b. \$1,129 c. \$4,409
3	R.B. & D.B.	2013	March 12, 2014	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$12,002 b. \$8,723
4	R.B. & D.B.	2014	March 23, 2015	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$24,662 b. \$8,052
5	M.C. & E.C.	2011	March 28, 2012	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098	a. \$24,000 b. \$4,100
6	M.C. & E.C.	2012	March 21, 2013	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098	a. \$36,450 b. \$4,100
7	M.C. & E.C.	2013	March 7, 2014	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098	a. \$36,450
8	M.C. & E.C.	2014	March 26, 2015	a. Schedule A, Line 11, Home mortgage interest not on Form 1098	a. \$41,692
9	M.C. & E.C.	2015	April 7, 2016	a. Schedule A, Line 10, Home mortgage interest and points reported on Form 1098	a. \$51,717
10	T.C. & G.C.	2011	March 22, 2012	a. Schedule A, Line 12, Points not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$4,288 b. \$7,608
11	T.C. & G.C.	2012	March 6, 2013	a. Schedule A, Line 12, Points not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$4,288 b. \$8,091

12	T.C. & G.C.	2013	March 23, 2014	a. Schedule A, Line 12, Points not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$4,288 b. \$8,199
13	T.C. & G.C.	2014	April 7, 2015	a. Schedule A, Line 12, Points not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$4,288 b. \$7,357
14	T.C. & G.C.	2015	March 27, 2016	a. Schedule A, Line 10, Home mortgage interest and Points reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$20,719 b. \$1,635
15	C.C. & P.C.	2011	February 2, 2012	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$18,202 b. \$9,396
16	C.C. & P.C.	2012	February 15, 2013	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$18,202 b. \$9,657
17	C.C. & P.C.	2013	February 3, 2014	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity	a. \$18,202 b. \$5,930 c. \$14,407
18	C.C. & P.C.	2014	February 8, 2015	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$18,202 b. \$10,983
19	M.D. & C.D.	2011	February 22, 2012	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity	a. \$15,441 b. \$6,231 c. \$14,872

20	M.D. & C.D.	2012	March 2, 2013	<ul style="list-style-type: none"> a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity 	<ul style="list-style-type: none"> a. \$15,441 b. \$6,231 c. \$12,517
21	M.D. & C.D.	2013	March 29, 2014	<ul style="list-style-type: none"> a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity 	<ul style="list-style-type: none"> a. \$20,162 b. \$6,231 c. \$9,602
22	M.D. & C.D.	2014	February 21, 2015	<ul style="list-style-type: none"> a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity c. Form 5695, Line 15, Residential energy efficient property credit 	<ul style="list-style-type: none"> a. \$28,017 b. \$8,253 c. \$6,165
23	M.D. & C.D.	2015	March 29, 2016	<ul style="list-style-type: none"> a. Schedule A, Line 10, Home mortgage interest and points reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity c. Form 5695, Line 15, Residential energy efficient property credit 	<ul style="list-style-type: none"> a. \$27,926 b. \$2,370 c. \$5,768
24	W.H. & C.H.	2011	February 16, 2012	<ul style="list-style-type: none"> a. Schedule A, Line 12, Points not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity 	<ul style="list-style-type: none"> a. \$6,436 b. \$14,088
25	W.H. & C.H.	2012	March 4, 2013	<ul style="list-style-type: none"> a. Schedule A, Line 12, Points not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity 	<ul style="list-style-type: none"> a. \$6,436 b. \$13,871
26	W.H. & C.H.	2013	February 20, 2014	<ul style="list-style-type: none"> a. Schedule A, Line 12, Points not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity 	<ul style="list-style-type: none"> a. \$2,436 b. \$9,255
27	W.H. & C.H.	2014	February 24, 2015	<ul style="list-style-type: none"> a. Schedule A, Line 12, Points not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity 	<ul style="list-style-type: none"> a. \$2,436 b. \$8,257

28	W.H. & C.H.	2015	February 17, 2016	a. Schedule A, Line 10, Home mortgage interest and points reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$21,221 b. \$1,360
29	K.J. & M.J.	2012	March 15, 2013	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity	a. \$19,412 b. \$4,666 c. \$10,792
30	K.J. & M.J.	2013	March 7, 2014	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity	a. \$42,202 b. \$4,666 c. \$22,415
31	K.J. & M.J.	2014	March 21, 2015	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity	a. \$42,501 b. \$8,868 c. \$18,574
32	E.L. & M.L.	2011	February 11, 2012	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity	a. \$9,064 b. \$2,004 c. \$5,806
33	E.L. & M.L.	2012	February 28, 2013	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity	a. \$6,442 b. \$2,004 c. \$9,190
34	E.L. & M.L.	2013	March 5, 2014	a. Schedule A, Line 12, Points not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$4,004 b. \$9,350

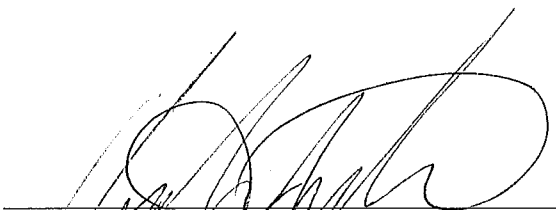
35	E.L. & M.L.	2014	March 14, 2015	a. Schedule A, Line 12, Points not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$4,004 b. \$6,007
36	E.L. & M.L.	2015	March 15, 2016	a. Schedule A, Line 10, Home mortgage interest and points reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$8,642 b. \$1,320
37	R.M. & F.M.	2011	February 1, 2012	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$12,250 b. \$19,949
38	R.M. & F.M.	2012	March 16, 2013	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity	a. \$12,250 b. \$3,848 c. \$18,463
39	R.M. & F.M.	2013	March 11, 2014	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$17,202 b. \$18,489
40	S.R. & A.R.	2011	April 4, 2012	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity	a. \$9,145 b. \$5,552 c. \$10,896
41	S.R. & A.R.	2012	April 10, 2013	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 12, Points not reported on Form 1098 c. Schedule A, Line 19, Total gifts to charity	a. \$10,202 b. \$8,413 c. \$10,738
42	S.R. & A.R.	2013	April 3, 2014	a. Schedule A, Line 12, Points not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$8,413 b. \$10,719

43	S.R. & A.R.	2014	February 26, 2015	a. Schedule A, Line 11, Home mortgage interest not reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity	a. \$41,221 b. \$9,995
44	S.R. & A.R.	2015	March 28, 2016	a. Schedule A, Line 10, Home mortgage interest and points reported on Form 1098 b. Schedule A, Line 19, Total gifts to charity c. Form 5695, Line 15, Residential energy efficient property credit	a. \$26,443 b. \$3,187 c. \$11,881

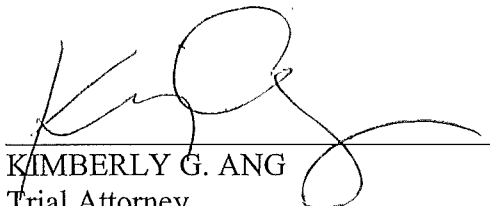
(All in violation of Title 26, United States Code, Section 7206(2).)

A TRUE BILL

REDACTED



VICTOR A. WILD
Assistant U.S. Attorney
U.S. Attorney's Office for the District of Massachusetts

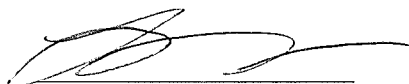


KIMBERLY G. ANG
Trial Attorney
U.S. Department of Justice, Tax Division

DISTRICT OF RHODE ISLAND

Returned into the District Court by the Grand Jurors and filed.

September 26, 2017



DEPUTY CLERK
BEFORE USMS

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: INFORMATION INDICTMENT COMPLAINT

CASE NO. **CR 17 88 JJM**
USA vs.

Matter Sealed: Juvenile Other than Juvenile
 Pre-Indictment Plea Superseding Defendant Added
 Indictment Charges/Counts Added
 Information

Defendant: RAYMOND P. PETRARCA

Name of District Court, and/or Judge/Magistrate Location (City)

UNITED STATES DISTRICT COURT RHODE ISLAND
DISTRICT OF RHODE ISLAND Divisional Office

Name and Office of Person STEPHEN G. DAMBRUCH
Furnishing Information on U.S. Atty Other U.S. Agency
THIS FORM Phone No. (401) 709-5000

Name of Asst. U.S. Attorney Victor A. Wild, AUSA Dist of MA
(if assigned)

REDACTED

Alien if applicable)

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)
Internal Revenue Service

person is awaiting trial in another Federal or State Court (give name of court)

this person/proceeding transferred from another district per (circle one) FRCrP 20, 21 or 40. Show District

this is a re prosecution of charges previously dismissed which were dismissed on motion of:
 U.S. Atty Defense

this prosecution relates to a pending case involving this same defendant. (Notice of Related Case must still be filed with the Clerk.)

prior proceedings or appearance(s) before U.S. Magistrate Judge regarding this defendant were recorded under

SHOW DOCKET NO.

MAG. JUDGE CASE NO.

Issue: Warrant Summons

Location Status:

Arrest Date _____ or Date Transferred to Federal Custody _____

Currently in Federal Custody

Currently in State Custody

Writ Required

Currently on bond

Fugitive

Defense Counsel (if any): Albert H. Thornton, Jr.

FPD CJA RET'D

Appointed on Target Letter

Place of offense RHODE ISLAND County Kent

This report amends AO 257 previously submitted

OFFENSE CHARGED - U.S.C. CITATION - STATUTORY MAXIMUM PENALTIES - ADDITIONAL INFORMATION OR COMMENTS

Total # of Counts _____

Set	Title & Section/Offense Level (Petty = 1 / Misdemeanor = 3 / Felony = 4)	Description of Offense Charged	Felony/Misd.
1 - 44	26 U.S.C. 7206(2) (4)	Aiding and Assisting False Tax Returns	<input checked="" type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor
			<input type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor
			<input type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor
			<input type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor
		<i>trial - +5</i>	<input type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor