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TAX RETURN PREPARER PLEADS GUILTY TO ASSISTING CLIENTS TO FILE FALSE TAX RETURNS

LAS VEGAS - - Caroline Reyes, who operated a tax return preparation service from her home in Las Vegas, pleaded guilty today to 20 counts of aiding in the preparation and filing of false and fraudulent tax returns of customers, announced Gregory A. Brower, United States Attorney for the District of Nevada.

Reyes operated "Carol's Tax Service" and "Central Tax Service," out of her home in Las Vegas. During the years 2002 through 2004, Reyes prepared numerous false and fraudulent individual federal tax returns and amended individual federal income tax returns for taxpayers by inflating itemized deductions and creating false itemized deductions, including medical expenses, gifts to charity and employee business expenses. Reyes charged approximately \$100 to prepare each tax return. Reyes knew that the taxpayers were not entitled to the deductions at all, or were entitled to them in lesser amounts. The false deductions resulted in reduced income tax liabilities and often unwarranted refunds for the taxpayers. In response to IRS correspondence audits of Reyes' clients, Reyes submitted false receipts to the IRS in an attempt to substantiate the false and fraudulent tax returns that she had prepared. The amount of false deductions contained in the returns of 10 taxpayers for the tax years 2000 through 2003 is approximately \$348,402.

Caroline Reyes faces a maximum of three years in prison and a \$250,000 fine on each charge. She is scheduled to be sentenced by U.S. District Judge James C. Mahan on September 3, 2009, at 10:00 a.m.

The case is being investigated by IRS Criminal Investigation and prosecuted by Assistant United States Attorney Nicholas D. Dickinson.

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