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FORMER IRS OFFICIAL SENTENCED FOR TAX FRAUD AS A LEADER OF RENAISSANCE 'TAX DREAM TEAM'

TOPEKA, KAN. – **Jesse Ayala Cota**, 68, Vista, Calif., a former Internal Revenue Service District Director, has been sentenced to 24 months in federal prison, U.S. Attorney Lanny Welch said today.

Cota pleaded guilty in April 2007 to one count of conspiracy to defraud the Internal Revenue Service. In his plea, he admitted advising taxpayers how to defraud the U.S. government using methods devised by a Topeka-based company called Renaissance, the Tax People, Inc.

During 33 years as an employee of the Internal Revenue Service, Cota worked as a revenue agent, audit training coordinator, large case examination manager, assistant service center director, assistant district director and district director. After retiring, he went to work in July 1999 for Renaissance, a company that sold tax services. Through the filing of false tax returns by Renaissance members, Cota defrauded the U.S. government of more than \$1.3 million and earned more than \$300,000 while working for Renaissance.

Owners of home-based businesses who paid to become members of Renaissance received services including tax preparation, tax advice and so-called "audit protection." The so-called "Tax Advantage System" offered by Renaissance was based on fraudulent claims that business owners could legally reduce the taxes they paid by converting personal expenses to business deductions. Cota and other defendants falsely assured Renaissance clients the tax reduction methods were legal. In fact, tax returns filed using Renaissance's methods were based on providing false and fraudulent information to the IRS.

"Citizens who pay their fair share of taxes can rest assured that the Department of Justice will continue to utilize all our resources to prosecute those who choose to cheat and promote fraud," said John A. DiCicco, Acting Assistant Attorney General of the Justice Department Tax Division. "To those citizens who choose to engage in tax fraud, our warning is this: Whether you are a former IRS employee, president of a Fortune 500 company, or a waiter at a local restaurant, we are going to prosecute you and do our best to put you in jail."

"Some promoters of tax packages market their 'secret, insider information' to help clients reduce their taxes," said Eileen Mayer, IRS Chief Criminal Investigation. "There are no secrets. Everyone must pay their fair share of taxes and today's sentence signifies our determination to ensure promoters of tax schemes are stopped and brought to justice."

Co-defendants in this and related cases include:

- **Michael Craig Cooper**, founder and president of Renaissance, the Tax People, who is set for sentencing Nov. 18, 2009.
- **Todd Eugene Strand**, vice president of Renaissance, the Tax People, who is set for sentencing Sept. 28, 2009.
- **Daniel Joel Gleason**, a tax return preparer who is set for sentencing Sept. 8, 2009.
- **Thomas Steelman**, another former long-time IRS employee sentenced to 46 months in federal prison on Aug. 10, 2009.
- **Gene Franklin**, tax return preparer sentenced to 30 months in federal prison on Jan. 28, 2009.
- **Elizabeth Crotts**, tax return preparer sentenced to two years probation on July 22, 2008.
- **Frances Ruth**, tax return preparer sentenced to two years probation on May 19, 2008.
- **Alexander Federico**, tax return preparer sentenced to two years probation on April 21, 2008.

Welch commended the Internal Revenue Service - Criminal Investigation Division, the U.S. Postal Inspection Service, Department of Justice Tax Division Attorney Charles O'Reilly and Assistant U.S. Attorney Scott Rask.

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