



The United States Attorney's Office

Middle District of Tennessee

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WOMAN PLEADS GUILTY TO PREPARING FALSE TAX RETURNS

NASHVILLE, Tenn. – January 12, 2010 – Nechelle Scales pleaded guilty yesterday before U.S. District Chief Judge Todd J. Campbell to one count of aiding and assisting in the preparation of a false tax return, announced Edward M. Yarbrough, U.S. Attorney for the Middle District of Tennessee. An Information filed on August 13, 2009, charged Scales with helping to prepare a 2004 federal income tax return for another individual that reported wages that the individual did not earn and claimed a refund that the individual was not entitled to receive. The return was filed with the Internal Revenue Service (IRS).

"Disreputable tax preparers who prey on vulnerable individuals by promising unreasonable and illegal tax returns on income are doing a disservice to honest and law abiding taxpayers and their illegal activities will be prosecuted diligently by the United States Attorney's Office," said U.S. Attorney Yarbrough.

During the plea hearing, Scales admitted that between 2003 and 2005 she participated in a scheme where she created false W-2 Forms purporting wages and tax withholding for at least 10 other individuals. The W-2 Forms were fictitious because the participants did not work at the businesses and earn the income shown on the forms. Scales admitted that she knew the forms would be used to file false income tax returns and in some cases she drove the individuals to the tax preparation business to have the return prepared or to pick up their refund check. The checks were subsequently cashed and the proceeds were split between the individual and Scales. Scales also admitted that she instructed some of the participants to claim false dependants and provided them with social security numbers for the dependants in order to increase the amount of their refunds.

Testimony during the plea hearing revealed that the total amount of false claims submitted with Scales assistance was in excess of \$100,000.00.

"A federal tax return is one of the most important financial documents that many individuals or families deal with in a given year and taxpayers need and deserve return preparers who are ethical, fully qualified and able to provide the best possible service," stated Christopher R. Pikelis, Special Agent in Charge for IRS Criminal Investigation- Nashville Field Office.

"Taxpayers are cautioned to seek out a reputable return preparer with the proper credentials. IRS is increasing its education and enforcement presence in the return preparer

community this filing season in an effort to combat this type of fraud. Please don't fall victim," said Pikelis.

Scales faces a maximum penalty of 3 years in prison and a fine of \$250,000 when she is sentenced on April 2, 2010.

The investigation was conducted by IRS Criminal Investigation. Assistant U.S. Attorney John K. Webb and Trial Attorney Michael Boteler from the U.S. Department of Justice, Tax Division, represented the government.