

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA : **CRIMINAL NO.** _____
v. : **DATE FILED:**
CRYSTAL GRAHAM : **VIOLATIONS:**
: **18 U.S.C. § 287 (false claims to**
: **government agency - 11 counts)**
: **18 U.S.C. § 2 (aiding and abetting)**

INDICTMENT

COUNTS ONE THROUGH ELEVEN

THE GRAND JURY CHARGES THAT:

At all times relevant to this indictment:

1. The Housing and Economic Recovery Act of 2008 (“HERA”) established a tax credit for first-time home buyers (“ FTHBC”) with a maximum value of \$7,500.
2. For first time home buyers in the United States who purchased homes after April 8, 2008, the FTHBC could be claimed by using IRS Form 5405 which was required to be filed with the taxpayer’s 2008 federal income tax return IRS Form 1040.
3. The FTHBC was 10% of the purchase price of the home, with a maximum available credit of \$7,500, for either a single taxpayer or a married couple filing a joint return, or \$3,750 for married persons filing separate returns.
4. The FTHBC was not available for taxpayers who purchased homes before April 8, 2008, or who was not a first-time home buyer.
5. The Earned Income Tax Credit (“EITC”) was a refundable tax credit for low-and medium-income individuals and couples. The purpose of the EITC was to offset, in part,

the burden of social security taxes and to maintain an incentive for individuals to work.

If the EITC exceeded the amount of taxes owed by a taxpayer, the EITC resulted in a tax refund to taxpayers that had claimed the credit on their tax returns.

6. By combining the FTHBC and the EITC, a taxpayer could receive a tax refund from the IRS in the absence of having had taxes withheld from the taxpayer's wages and salaries if the taxpayer met the legal qualifications to claim both credits.

7. Metropolitan Federal Credit Union was a financial institution in Philadelphia ("MFCU") who offered financial services to its customers which included savings and checking accounts.

THE DEFENDANT

8. For tax year 2008, defendant CRYSTAL GRAHAM, a resident of Darby, Pennsylvania, prepared federal income tax returns for a number of individuals who purportedly claimed tax refunds based upon the FTHBC and the EITC. During the time period that she operated her tax preparation service, the defendant maintained a savings account at MFCU.

9. The tax returns prepared by defendant CRYSTAL GRAHAM were false because the individuals, in whose names the returns had been prepared and filed, not been employed by the employer listed on the filer's IRS Form 1040. In addition, the IRS Form W-2 that were attached to the IRS Form 1040 was fictitious, as well as the IRS Form 5405 (the FTHBC claim). As such, the filers were not entitled to a tax refund based on a combination of the EITC and the FTHBC.

10. Defendant CRYSTAL GRAHAM had her clients sign statements which

gave the defendant permission to either have their tax refund checks deposited into her savings account at MFCU or imbedded on an access device. By doing so, the defendant was able to obtain a portion of the fraud proceeds before giving her client the funds that remained which had been issued by the IRS based upon the false claims.

THE INTERNAL REVENUE SERVICE

11. The Internal Revenue Service (“IRS”) was a constituent agency of the United States Department of Treasury responsible for administering and enforcing the tax laws of the United States including the FTHBC and the EITC.

THE FALSE CLAIM SCHEME

12. In order to prepare these false returns, defendant CRYSTAL GRAHAM obtained personal identifying information from a number of individuals, such as their names and social security numbers, through various means.

13. After obtaining the personal identifying information, defendant CRYSTAL GRAHAM then prepared false and fictitious federal income tax returns and schedules which sought tax refunds based on the FTHBC and the EITC when she knew that the individuals, in whose names she had prepared the returns, had not worked for the employers listed on IRS Form W-2, nor had the filers purchased the homes listed on the IRS Forms 5405 that were attached to the IRS Forms 1040.

14. After she had prepared the returns, defendant CRYSTAL GRAHAM sought refunds of approximately \$354,000 of which the Internal Revenue Service paid \$226,243.

15. On or about the dates listed in the chart below, in the Eastern District of Pennsylvania and elsewhere, defendant

CRYSTAL GRAHAM

knowingly made and presented, and caused to be made and presented, and aiding and abetted others in making and presenting to the IRS, an agency of the Department of the Treasury, claims against the United States tax refund payment based on claims that the defendant knew were false, fictitious, or fraudulent as identified in each of the counts set forth in the chart below:

Count	Taxpayer	Wage Claimed	Date Return Filed	False Statement for ETIC	False Statement for FTHBC	Fraudulent Refund Claim
1	C.R.	\$4,800	6/10/2009	\$369	\$6,855	\$7,224
2	E.F.	\$2,010	5/13/2009	\$155	\$7,346	\$7,501
3	L.E.	\$8,997	4/18/2009	\$299	\$6,800	\$7,099
4	C.C.	\$1,950	6/6/2009	\$-0-	\$7,500	\$7,500
5	V.R.	\$5,257	4/23/2009	\$404	\$7,500	\$7,904
6	L.B.	\$11,069	4/10/2009	\$4,430	\$3,700	\$8,295
7	R.T.	\$2,000	5/13/2009	\$155	\$7,322	\$7,477
8	J.F.	\$2,001	5/13/2009	\$155	\$7,474	\$7,629
9	D.M.	\$8,690	5/2/2009	\$-0-	\$7,500	\$7,800
10	C.G.	\$11,623	1/25/2009	\$2,917	\$-0-	\$4,331
11	R.P.	\$11,825	3/28/2009	\$81.00	\$4,900	\$4,992.

All in violation of Title 18, United States Code, Sections 287 and 2.

A TRUE BILL:

GRAND JURY FOREPERSON

ZANE DAVID MEMEGER
UNITED STATES ATTORNEY

