

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
Laura E. Duffy***

For Further Information, Contact: Assistant U. S. Attorney Christopher P. Tenorio (619) 546-8413

For Immediate Release

**TAX PREPARER CHARGED WITH AGGRAVATED IDENTITY
THEFT AND MILLION DOLLAR TAX FRAUD**

NEWS RELEASE SUMMARY - April 15, 2013

Cynthia Lozano, a tax preparer from Lemon Grove, was arrested today and an indictment was unsealed in connection with a scheme to steal Social Security numbers, file false tax returns, and defraud the Internal Revenue Service ("IRS"). She was taken into custody by IRS agents in Phoenix, Arizona, where she will make her first appearance in U.S. District Court tomorrow.

According to a federal grand jury indictment, Lozano owned and operated the tax preparation business, "CLozano Income Tax," in Spring Valley, California. From 2010 to the present, Lozano used her business to submit fraudulent federal income tax returns

seeking bogus refunds. In carrying out this scheme, Lozano made false statements which caused the IRS to issue refunds under the EIC provisions. An EIC is a refundable federal income tax credit for low- to moderate-income working individuals and families that is intended to offset the burden of social security taxes and to provide an incentive to work. If a taxpayer's EIC exceeds the amount of taxes actually owed, it results in the IRS paying a refund to the taxpayers who claim and qualify for the credit.

As reflected in charging documents, Lozano targeted over 200 victims by filing fraudulent IRS Forms 1040 in the taxpayers' names. Frequently, the taxpayers were unaware that Lozano used their Social Security numbers thus also becoming victims of aggravated identity theft. As a result, Lozano improperly received over \$1 million from the IRS in fraudulent refunds which she laundered through a bewildering maze of bank accounts.

Using the proceeds of this fraud, Lozano, among other things, purchased 20 properties in and near Phoenix, Arizona. Her indictment seeks forfeiture of these properties to recompense the government from the loss of her fraud and to prevent Lozano from reaping a financial benefit from her crimes.

United States Attorney Laura Duffy said, "In these times of financial hardship, tax fraud is essentially a theft from each and every citizen who shoulders their rightful share of the tax burden." She added that the U.S. Attorney's Office is committed to stopping the recent increase in theft of personal identification information and its use in a variety of criminal offenses."

N. Dawn Mertz, Special Agent in Charge for IRS Criminal Investigation, said, “The IRS takes particular interest in cases where someone, for their own personal benefit, steals the identity of others to file false tax returns with the IRS. Taxpayers deserve our unwavering vigilance in the investigation and prosecution of allegations of identity theft and tax fraud by unscrupulous tax professionals who victimize others.”

DEFENDANT

Case Number: 13cr1354AJB

Cynthia Lozano

SUMMARY OF CHARGES

Counts 1-13	Title 18, United States Code, Section 287 (false claims) Maximum penalty: 5 years of custody; \$250,000 Fine
Counts 14-25	Title 18, United States Code, Section 1343 (wire fraud) Maximum penalty: 20 years of custody; \$250,000 Fine
Count 26	Title 18, United States Code, Section 1341 (mail fraud) Maximum penalty: 20 years of custody; \$250,000 Fine
Counts 27-33	Title 18, United States Code, Section 1028A (aggravated identity theft) Minimum penalty: 2 years of custody, consecutive to sentence for other crimes; No Probation; Fine same as for underlying offense

AGENCIES

Internal Revenue Service - Criminal Investigations (“IRS-CI”)
Department of Treasury, Inspector General for Tax Administration (“TIGTA”)

An indictment itself is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.

