

FILED by KZ D.C.
ELECTRONIC
Jan 10, 2012
STEPHEN M. LARIMORE
CLERK U.S. DIST. CT.
S.D. OF FLA. - MIAMI

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
12-80008-CR-MARRA/VITUNAC

CASE NO. _____

26 U.S.C. § 7206(1)
26 U.S.C. § 7206(2)

UNITED STATES OF AMERICA

vs.

GREGORY J. SALGADO, JR.,

Defendant.

INDICTMENT

The Grand Jury charges that:

COUNT 1
FILING FALSE TAX RETURN

At all times relevant to this Indictment:

1. Defendant **GREGORY J. SALGADO, JR.** operated a tax return preparation business located in Palm Beach County, Florida.
2. Defendant **SALGADO** met with clients of his tax service business to offer tax preparation services, for which he received substantial income. **SALGADO** charged each taxpayer a fee to prepare and electronically file the return, usually \$175 per return.
3. The Housing and Economic Recovery Act of 2008 established a refundable tax credit for first-time homebuyers, known as the First Time Homebuyer Credit (hereafter FTHBC), that can be worth up to \$7,500. The credit is 10% of the purchase price of the

home, with a maximum available credit of \$7,500. As long as income restrictions are met, the full credit of \$7,500 is available for homes costing \$75,000 or more. The credit is similar to a no-interest loan and must be repaid in 15 equal, annual installments of \$500.00, beginning in the 2010 income tax year. In order to qualify for the \$7,500 FTHBC for the tax year 2008, a taxpayer must meet the following criteria:

- a. Purchase a home that is the taxpayer's principal residence and located in the United States.
- b. The purchase must be made after April 8, 2008 and before December 31, 2008. The purchase date is considered to be the date of the closing. For a home that is being constructed, the purchase date is considered to be the date the taxpayer first occupies the home.
- c. Have not owned another principal residence at any time during the three years prior to the date of purchase.
- d. The credit is reduced or eliminated based upon a taxpayer's modified adjusted gross income (hereafter MAGI). For a married couple filing a joint return, the phase-out range is \$150,000 to \$170,000. For other taxpayers, the phase-out range is \$75,000 to \$95,000. This means that the full credit is available for married couples filing a joint return whose MAGI is \$150,000 or less and for other taxpayers whose MAGI is \$75,000 or less.
- e. The credit cannot be claimed prior to a completed purchase of the residence.
- f. Claim the credit by completing and attaching Form 5405 (First-Time Homebuyer Credit) to a 2008 Tax Return. Form 5405 requires the taxpayer

to list the address of the home that was purchased, and the date home was purchased.

g. If a married couple is filing separate returns, each taxpayer may only claim half of the total \$7,500 credit.

The bottom of Form 5405 describes the purpose of the Form, who can and cannot claim the credit, and step by step instructions on how to determine the amount of qualified credit to claim.

4. In addition to the \$7,500 FTHBC for homes purchased between April 8, 2008 and December 31, 2008, there is also an \$8,000 FTHBC for homes purchased in 2009. Unlike the \$7,500 credit, the \$8,000 credit does not have to be paid back.

5. On or about January 14, 2009, in Palm Beach County, in the Southern District of Florida, and elsewhere, the defendant,

GREGORY J. SALGADO, JR.,

did willfully make and subscribe a United States Individual Income Tax Return, IRS Form 1040, for the calendar year 2008, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which said tax return he did not believe to be true and correct as to every material matter in that the tax return contained the false claim for a First-Time Homebuyer Credit, whereas as **SALGADO** then and there well knew and believed, he was not entitled to claim the \$7,500.00 First-Time Homebuyer Credit.

All in violation of Title 26, United States Code, Section 7206(1).

COUNTS 2 THROUGH 8
PREPARING FALSE TAX RETURNS

6. The allegations of paragraphs 1 through 4 are repeated and realleged in Counts 2 through 8 of this Indictment as though fully set forth therein:

7. During the tax year 2008, Defendant **SALGADO** prepared tax returns, that is United States Individual Income Tax Return Forms 1040, for his clients by utilizing their social security numbers and Forms W-2 or other indication of income. **SALGADO** would then enter fabricated information to support a false claim that the taxpayer was entitled to claim a \$7,500.00 First-Time Homebuyer Credit. The IRS Form 5405 First-Time Homebuyer Credit was claimed on each taxpayer's return without any basis in fact or supporting documentation from the taxpayer.

8. In addition to claiming that credit, **SALGADO** also claimed a number of other false deductions on certain taxpayer's returns without any basis in fact or supporting documentation from the taxpayer, including false claims to deductions for fabricated mortgage interest, employment expenses or in some cases false claims to an Earned Income Credit.

9. On or about the dates enumerated as to each count, in Palm Beach County, in the Southern District of Florida and elsewhere, the defendant,

GREGORY J. SALGADO, JR.,

did knowingly and willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of United States Individual Income Tax Returns, IRS Forms 1040 and 1040X, for the tax calendar year 2008, which were false and fraudulent as to material matters, in that they represented that the said taxpayers were entitled under the provisions of the Internal Revenue Laws

to claim tax credits or deductions for items and in amounts hereinafter specified;
 whereas the defendant then and there well knew and believed that the said taxpayers
 were not entitled to claim the credits or deductions in said amounts, as set forth in
 Counts 2 through 8 below:

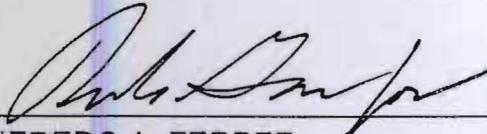
Count	Taxpayer Initials	Date of Offense	False Material Items	Amount
2	DS	01/14/09	Standard Deduction Earned Income Credit Form 5405 (FTHBC)	\$8,000.00 \$4,824.00 \$7,500.00
3	JN	02/12/09	Sch. C: Advertising Earned Income Credit Form 5405 (FTHBC)	\$8,000.00 \$398.00 \$7,500.00
4	GD	03/02/09	Income Form 5405 (FTHBC)	\$7,207.00 \$7,500.00
5	SN	04/14/09	Sch. A: Medical & Dental Expenses Sch. A: Home Mortgage Interest Sch. A: Gifts to Charity Sch. A: Unreimbursed Employee Expenses Form 5405 (FTHBC)	\$4,028.00 \$8,360.00 \$4,073.00 \$8,543.00 \$7,500.00
6	MV	04/14/09	Sch. A: Unreimbursed Employee Expenses Form 5405 (FTHBC)	\$14,050.00 \$7,500.00

7	EG	05/05/09	Form 5405 (FTHBC) to Form 1040X (Amended Return)	\$7,500.00
8	EM	05/13/09	Sch. C: Expenses Form 5405 (FTHBC) Earned Income Credit	\$14,128.00 \$7,500.00 \$2,917.00

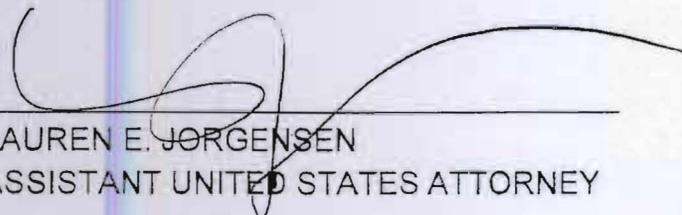
All in violation of Title 26, United States Code, Section 7206(2).

A TRUE BILL

FOREPERSON ^{ju}



WIFREDO A. FERRER
UNITED STATES ATTORNEY



LAUREN E. JORGENSEN
ASSISTANT UNITED STATES ATTORNEY