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March 17, 2011
FOR IMMEDIATE RELEASE
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**OPERATOR OF TAX PREPARATION BUSINESS SENTENCED TO
17 ½ YEARS IN PRISON IN FRAUDULENT TAX SHELTER CONSPIRACY**

*Conspirators Reported Over \$22 Million in Bogus Losses On Client Tax Returns;
Instructed Conspirators How to Carry Out Scheme While in Jail*

Greenbelt, Maryland - U.S. District Judge Roger W. Titus sentenced Irvin Hannis Catlett, Jr., age 64, of Crownsville, Maryland today to 210 months in prison, followed by three years of supervised release for tax offenses in connection with a scheme to prepare individual income tax returns for clients which reported bogus tax losses from a purported car leasing company. Judge Titus also entered an order of restitution against Catlett for \$3,810,244. A federal jury convicted Catlett on November 4, 2010.

The sentence was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Principal Deputy Assistant Attorney General for the Department of Justice's Tax Division John A. DiCicco; Special Agent in Charge Rebecca Sparkman of the Internal Revenue Service - Criminal Investigation; and Special Agent in Charge Robert Geary of the Treasury Inspector General for Tax Administration.

"Irvin Catlett's 'tax shelter' scheme was a fraud," said U.S. Attorney Rod J. Rosenstein. "People who want to reduce their taxes should seek reliable and independent advice and avoid con artists selling magical schemes that are too good to be true."

"Sentences like this one send a loud and clear message that crooked tax-return preparers will be investigated, prosecuted, and punished for their actions," said John A. DiCicco, Principal Deputy Assistant Attorney General of the Justice Department's Tax Division.

"People who create elaborate schemes that have no purpose other than to defraud the Government will be prosecuted," stated Rebecca Sparkman, Internal Revenue Service-Criminal Investigation Special Agent in Charge, Washington DC Field Office. "Today's sentencing further shows that the IRS-Criminal Investigation is working to stop fraud schemes whose activities unfairly shift the burden to honest taxpayers."

"Congratulations all around for the excellent work on this case," said J. Russell George, the Treasury Inspector General for Tax Administration. "This is another example of outstanding collaboration between TIGTA and the IRS's Criminal Investigation unit to stop fraudulent

schemes in their tracks. Those who engage in them will be investigated and prosecuted to the fullest extent of the law. Paid preparers are a critical component in our system of tax administration,” he added. “When preparers violate the law, they harm their victims and severely damage the credibility and reputation of the tax preparation community.”

According to testimony at the nine day trial, Catlett operated Tax Resolutions, Inc. located in Laurel, Maryland. He falsely held out Motors Holding Company, Inc., Motors Holding Company II through VI, Inc. and Rentown, Inc., (the tax shelter entities) to his clients as operating businesses involved in automobile leasing and sales. Catlett knew however that these entities were not engaged in automobile leasing and sales, nor in any other legitimate, profit-making business. From 1999 to 2009, Catlett worked with others to sell to clients purported “investments” in the tax shelter entities. These investments were payments to Catlett for the purchase of bogus tax losses, purportedly generated by the tax shelter entities’ automobile leasing operations. Catlett, Walter Cullum and James Unterreiner prepared fraudulent tax returns for their clients that included the fictitious business losses, thereby reducing the amount of taxable income and total tax reported by the clients and resulting in the clients falsely claiming refunds from the IRS.

Trial testimony further showed that Catlett paid Mark Hunt, an IRS revenue officer, for providing Catlett with IRS taxpayer information on Tax Resolutions’ clients and for allowing Catlett to introduce Hunt to clients and potential clients as Catlett’s connection at the IRS, in order to assure them that the tax returns prepared by Tax Resolutions would not be the subject of adverse IRS actions.

As part of the scheme, Catlett and Cullum supplied clients with copies of stock certificates to assure the clients of the legitimacy of their investment in the tax shelter. Catlett and Cullum also provided clients with fraudulent IRS forms on which were reported the clients’ portions of fictitious business losses incurred by the tax shelter entities. Catlett instructed Cullum and Unterreiner to prepare client tax returns by first determining each client’s tax without the tax shelter loss and then adding to the return a fictitious loss from a tax shelter entity that was large enough to reduce to zero the client’s tax due. Catlett instructed Cullum and Unterreiner on how to prepare false tax returns so that they could maintain the scheme while Catlett was in prison on other charges from November 2002 to September 2004.

As a result of the scheme, approximately 275 tax returns were filed with the IRS which reported \$22,009,021 in bogus Schedule E losses, which resulted in a tax loss to the United States of \$3,810,244.

Maryland residents Walter Cullum, Jr., age 37, of Columbia; Mark E. Hunt, age 45, of Baltimore; and James Unterreiner II, age 34, of Bowie pleaded guilty to their participation in the tax evasion scheme and are were each sentenced to three years probation. Tressa Nivens, age 45, of Frederick, Maryland, also pleaded guilty to her role in the scheme and was sentenced to two years probation.

United States Attorney Rod J. Rosenstein and Principal Deputy Assistant Attorney General John A. DiCicco praised the IRS and TIGTA for their investigative work, and thanked Assistant United States Attorney Gregory Bockin and Trial Attorney Shawn T. Noud of the Department of Justice Tax Division, who prosecuted the case.