

BENJAMIN B. WAGNER
United States Attorney
MARK J. McKEON
Assistant United States Attorney
2500 Tulare Street, Suite 4401
Fresno, CA 93721
Telephone: (559) 497-4000
Facsimile: (559) 497-4099

Attorneys for Plaintiff
United States of America

FILED

APR 14 2016

CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
BY  DEPUTY CLERK

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

DELLA ORNELAS, and
RANDALL RUFF,

Defendants.

CASE NO. 1:16 CR 00054 ^{DAD} BAM

VIOLATIONS: 26 U.S.C. § 7206(2) – Aiding and Assisting in the Preparation and Presentation of False and Fraudulent Individual Income Tax Returns (Thirty-Four Counts); and 26 U.S.C. § 7214(a)(7) – Making Fraudulent Tax Return By an Employee of the United States (Four Counts)

INDICTMENT

COUNTS ONE THROUGH TWENTY:

[26 U.S.C. § 7206(2) – Aiding and Assisting in the Preparation and Presentation of False and Fraudulent Individual Income Tax Returns]

The Grand Jury charges:

DELLA ORNELAS,

defendant herein, as follows:

I. INTRODUCTION

At all times relevant to this indictment,

1. Defendant DELLA ORNELAS was an employee of the U.S. Internal Revenue Service

1 (“IRS”) in Fresno, located within the State and Eastern District of California. ORNELAS is and has
2 been employed by the IRS for approximately 25 years, including as a Clerk (series 0303).

3 2. Defendant RANDALL RUFF was an employee of the IRS in Fresno, located within the
4 State and Eastern District of California. RUFF is and has been employed by the IRS for approximately
5 31 years, including as a Tax Examining Technician.

6 3. Defendants RUFF and ORNELAS were husband and wife from and after September
7 2012. Before that time, they lived together for approximately 20 years.

8 4. The IRS was an agency of the United States in the United States Department of the
9 Treasury responsible for administering and enforcing the tax laws of the United States.

10 II. THE FRAUDULENT RETURN SCHEME

11 5. Between 2005 and 2012, defendants ORNELAS and RUFF prepared and filed or caused
12 to be filed numerous fraudulent federal income tax returns (FITRs) for themselves, their family
13 members, their friends, and others, on which they knowingly placed false information, including that the
14 taxpayer qualified as the Head of Household and/or had false dependents, to reduce the amount of tax
15 liability and to increase the amount of the refund.

16 6. The fraudulent information ORNELAS and RUFF included in these FITRs yielded
17 fraudulent tax deductions and/or credits to which the taxpayers whose FITRs were submitted were not
18 eligible.

19 7. Many of the taxpayers’ fraudulent refunds, when paid, had portions electronically
20 deposited into bank accounts owned or controlled by defendants ORNELAS or RUFF, often without the
21 knowledge of the taxpayer.

22 8. As a result of defendants ORNELAS and RUFF’s fraudulent conduct in preparing and
23 filing, causing to be prepared and filed, or aiding and abetting the preparations and filing of, FITRs for
24 themselves, family members, friends, and others, ORNELAS and RUFF defrauded the United States of
25 approximately \$145,561.

26 III. AIDING AND ABETTING FALSE TAX RETURNS

27 9. On or about the approximate dates set forth below, in the Eastern District of California,
28 defendant DELLA ORNELAS did willfully aid and assist in, and procure, counsel, and advise the

preparation and presentation under, and in connection with a matter arising under, the internal revenue laws, of U.S. Individual Income Tax Returns, Forms 1040, either individual or joint, for the taxpayers and calendar years hereinafter specified. The returns were false and fraudulent as to material matters in that they falsely claimed Head of Household status and/or false dependency exemptions, as set forth below, resulting in a higher tax refund, whereas, as the defendant then and there knew, the taxpayers were not entitled to the claimed refund.

<u>COUNT</u>	<u>DATE OF OFFENSE</u>	<u>TAXPAYER</u>	<u>CALENDAR TAX YEAR</u>	<u>FALSELY CLAIMED ITEM</u>	<u>TAX LOSS</u>
ONE	4/15/2010	J.A.	2009	Head of Household; dependency exemptions	\$ 3,213
TWO	4/15/2011	J.A.	2010	Head of Household; dependency exemptions	\$ 6,003
THREE	4/15/2012	J.A.	2011	Head of Household; dependency exemptions	\$6,141
FOUR	4/15/2011	A.O.	2010	Head of Household; dependency exemptions	\$ 4,729
FIVE	4/15/2012	A.O.	2011	Head of Household; dependency exemptions	\$ 4,822
SIX	4/15/2010	J.H.	2009	Dependency exemptions	\$ 2,780
SEVEN	4/15/2011	J.H.	2010	Head of Household; dependency exemptions	\$ 4,697
EIGHT	4/15/2012	J.H.	2011	Head of Household; dependency exemptions	\$ 2,008
NINE	4/15/2010	R.D.	2009	Dependency exemptions	\$ 3,112
TEN	4/15/2011	R.D.	2010	Head of Household; dependency exemptions	\$ 2,288

ELEVEN	4/15/2012	T.B.	2011	Head of Household; dependency exemptions	\$ 3,236
TWELVE	4/15/2010	L.G. & E.G.	2009	Dependency exemptions	\$ 547
THIRTEEN	4/15/2011	L.G. & E.G.	2010	Dependency exemptions	\$ 2,095
FOURTEEN	4/15/2012	L.G. & E.G.	2011	Dependency exemptions	\$ 1,110
FIFTEEN	4/15/2010	M.O.	2009	Head of Household; dependency exemptions	\$ 5,116
SIXTEEN	4/15/2011	M.O.	2010	Head of Household; dependency exemptions	\$ 1,915
SEVENTEEN	4/15/2012	M.O.	2011	Head of Household; dependency exemptions	\$ 2,598
EIGHTEEN	4/15/2010	R.O.	2009	Dependency exemptions	\$ 4,109
NINETEEN	4/15/2011	R.O.	2010	Dependency exemptions	\$ 4,313
TWENTY	4/15/2012	R.O.	2011	Dependency exemptions	\$ 5,803

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

COUNTS TWENTY-ONE THROUGH THIRTY-FOUR: [26 U.S.C. § 7206(2) – Aiding and Assisting in the Preparation and Presentation of False and Fraudulent Individual Income Tax Returns]

The Grand Jury further charges:

RANDALL RUFF,

defendant herein, as follows:

10. Paragraphs 1 through 8 of Counts One Through Twenty of this Indictment, above, are incorporated by reference as though fully set forth herein.

11. On or about the approximate dates set forth below, in the Eastern District of California, defendant RANDALL RUFF did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation under, and in connection with a matter arising under, the internal revenue laws,

of U.S. Individual Income Tax Returns, Forms 1040, either individual or joint, for the taxpayers and calendar years hereinafter specified. The returns were false and fraudulent as to material matters in that they falsely claimed Head of Household status and/or false dependency exemptions, as set forth below, resulting in a higher tax refund, whereas, as the defendant then and there knew, the taxpayers were not entitled to the claimed refund.

<u>COUNT</u>	<u>DATE OF OFFENSE</u>	<u>TAXPAYER</u>	<u>CALENDAR TAX YEAR</u>	<u>FALSELY CLAIMED ITEM</u>	<u>TAX LOSS</u>
TWENTY-ONE	4/15/2011	R.M.	2010	Head of Household; dependency exemptions	\$ 1,432
TWENTY-TWO	4/15/2011	W.E.	2010	Head of Household; dependency exemptions	\$ 1,637
TWENTY-THREE	4/15/2012	W.E.	2011	Head of Household; dependency exemptions	\$ 1,343
TWENTY-FOUR	4/15/2011	F.G.	2010	Head of Household; dependency exemptions	\$ 4,520
TWENTY-FIVE	4/15/2012	F.G.	2011	Head of Household; dependency exemptions	\$ 3,571
TWENTY-SIX	4/15/2010	C.D.	2009	Dependency exemptions	\$ 2,985
TWENTY-SEVEN	4/15/2011	C.D.	2010	Head of Household; dependency exemptions	\$ 6,663
TWENTY-EIGHT	4/15/2011	S.G.	2010	Head of Household; dependency exemptions	\$ 3,553
TWENTY-NINE	4/15/2012	S.G.	2011	Head of Household; dependency exemptions	\$ 4,269
THIRTY	4/15/2010	B.E. & D.E.	2009	Dependency exemptions	\$ 1,985
THIRTY-ONE	4/15/2011	B.E. & D.E.	2010	Dependency exemptions	\$ 2,986

THIRTY-TWO	4/15/2012	B.E. & D.E.	2011	Dependency exemptions	\$ 3,018
THIRTY-THREE	4/15/2013	B.E. & D.E.	2012	Dependency exemptions	\$ 1,347
THIRTY-FOUR	4/15/2012	D.S.	2011	Dependency exemptions	\$ 2,962

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

COUNT THIRTY-FIVE: [26 U.S.C. § 7214(a)(7) - Making a Fraudulent Tax Return by an Employee of the United States]

The Grand Jury further charges:

DELLA ORNELAS,

defendant herein, as follows:

12. Paragraphs 1 through 8 of Counts One Through Twenty of this Indictment, above, are incorporated by reference as though fully set forth herein.

13. On or about the approximate dates set forth below, within the Eastern District of California, defendant DELLA ORNELAS, an employee of the United States (The Internal Revenue Service) acting in connection with a U.S. revenue law, knowingly made and signed a fraudulent return and statement, to wit, her federal income tax return (Form 1040) for the tax year set forth below, in which she made materially false claims of head of household status and dependents, as set forth below.

<u>COUNT</u>	<u>DATE OF OFFENSE</u>	<u>CALENDAR TAX YEAR</u>	<u>FALSELY CLAIMED ITEM</u>	<u>TAX LOSS</u>
THIRTY-FIVE	4/15/2010	2009	Head of Household; dependency exemptions	\$ 6,262

All in violation of Title 26, United States Code, Section 7214(a)(7).

COUNTS THIRTY-SIX THROUGH THIRTY-EIGHT: [26 U.S.C. § 7214(a)(7) - Making a Fraudulent Tax Return by an Employee of the United States]

The Grand Jury further charges:

RANDALL RUFF,

defendant herein, as follows:

14. Paragraphs 1 through 8 of Counts One Through Twenty of this Indictment, above, are incorporated by reference as though fully set forth herein.

15. On or about the approximate dates set forth below, within the Eastern District of California, defendant RANDALL RUFF, an employee of the United States (The Internal Revenue Service) acting in connection with a U.S. revenue law, knowingly made and signed a fraudulent return and statement, to wit, his federal income tax return (Form 1040) for the tax year set forth below, in which he made materially false claims of head of household status and dependents, as set forth below.

<u>COUNT</u>	<u>DATE OF OFFENSE</u>	<u>CALENDAR TAX YEAR</u>	<u>FALSELY CLAIMED ITEM</u>	<u>TAX LOSS</u>
THIRTY-SIX	4/15/2010	2009	Head of Household; dependency exemptions	\$ 3,171
THIRTY-SEVEN	4/15/2011	2010	Head of Household; dependency exemptions	\$ 3,731
THIRTY-EIGHT	4/15/2012	2011	Head of Household; dependency exemptions	\$ 4,054

All in violation of Title 26, United States Code, Section 7214(a)(7).

A TRUE BILL.

/s/ Signature on file w/AUSA

FOREPERSON

BENJAMIN B. WAGNER
United States Attorney

By

KIRK E. SHERRIFF

KIRK E. SHERRIFF
Assistant U.S. Attorney
Chief, Fresno Office

No. _____

UNITED STATES DISTRICT COURT

FILED

Eastern District of California

APR 14 2016

Criminal Division

CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
BY [Signature]
DEPUTY CLERK

THE UNITED STATES OF AMERICA

vs.

DELLA ORNELAS
RANDALL RUFF

INDICTMENT

1:16 CR 00054 ^{DAD} BAM

VIOLATION(S): 26 U.S.C. § 7206(2) – Aiding and Assisting in the Preparation
and Presentation of False and Fraudulent Individual
Income Tax Returns (Thirty-Four Counts); and
26 U.S.C. § 7214(a)(7) – Making Fraudulent Tax Return By an
Employee of the United States (Four Counts)

A true bill,

151
Foreman.

Filed in open court this _____ day

of _____, A.D. 20 _____

Clerk.

Bail, \$ no Bail as to each Defendant

[Signature]


AUSA INITIALS

PENALTY SLIP

DEFENDANT: RANDALL RUFF

COUNTS TWENTY-ONE THROUGH THIRTY-FOUR:

VIOLATION: 26 U.S.C. §7206(2) - Aiding and Abetting
False Tax Returns

PENALTY: Not more than three (3) years in prison
Not more than \$250,000 fine, or both
Not more than one (1) year term of
Supervised release
Costs of prosecution
\$100 special assessment

COUNT THIRTY-SIX THROUGH THIRTY-EIGHT:

VIOLATION: 18 U.S.C. §7214(a)(7) - Making
Fraudulent Tax Return by an Employee
Of the United States

PENALTY: Not more than five (5) years in prison
Not more than \$250,000 fine, or both
Not more than three (3) year term
Of supervised release
\$100 special assessment

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION -- IN U.S. DISTRICT COURT

BY ☐ COMPLAINT ☐ INFORMATION ☒ INDICTMENT
☐ SUPERSEDING: Case No.

OFFENSE CHARGED

- ☐ Petty
☐ Minor
☐ Misdemeanor
☒ Felony

Place of offense
Fresno County

U.S.C. Citation
See Indictment

Name of District Court, and/or Judge/Magistrate Judge Location (City)
Fresno, California

DEFENDANT -- U.S. vs.
DELLA ORNELAS

Address {

Birth
Date

- ☐ Male ☐ Alien
☐ Female (if applicable)

(Optional unless a juvenile)

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

IRS-CI - Mark Silva

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per FRCrP ☐ 20 ☐ 21 ☐ 40. Show District

☐ this is a reprosecution of charges previously dismissed which were dismissed on motion of:

☐ U.S. Att'y ☐ Defense

☐ this prosecution relates to a pending case involving this same defendant

SHOW
DOCKET NO.

☐ prior proceedings or appearance(s) before U.S. Magistrate Judge regarding this defendant were recorded under

MAGISTRATE
JUDGE CASE NO.

Name and Office of Person
Furnishing Information on
THIS FORM

Donna McCloskey

☒ U.S. Att'y ☐ Other U.S. Agency

Name of Asst. U.S.
Att'y (if assigned)

MARK J. McKEON

DEFENDANT

IS NOT IN CUSTODY

- 1) ☒ Has not been arrested, pending outcome of this proceeding
If not detained, give date any prior summons was served on above charges
2) ☐ Is a Fugitive
3) ☐ Is on Bail or Release from (show District)

IS IN CUSTODY

- 4) ☐ On this charge
5) ☐ On another conviction
6) ☐ Awaiting trial on other charges ☐ Fed'l ☐ State
If answer to (6) is "Yes," show name of institution

Has detainer been filed? ☐ Yes ☐ No
If "Yes," give date filed
Mo. Day Year

DATE OF
ARREST

Or ... if Arresting Agency & Warrant were not Federal

Mo. Day Year

DATE TRANSFERRED
TO U.S. CUSTODY

☐ This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS

☐ ADD FORFEITURE UNIT (Check if Forfeiture Allegation)

Penalties -- see penalty slip. Please issue no bail warrant.


AUSA INITIALS

PENALTY SLIP

DEFENDANT: DELLA ORNELAS

COUNTS ONE THROUGH TWENTY:

VIOLATION: 26 U.S.C. §7206(2) - Aiding and Abetting
False Tax Returns

PENALTY: Not more than three (3) years in prison
Not more than \$250,000 fine, or both
Not more than one (1) year term of
Supervised release
Costs of prosecution
\$100 special assessment

COUNT THIRTY-FIVE:

VIOLATION: 18 U.S.C. §7214(a)(7) - Making
Fraudulent Tax Return by an Employee
Of the United States

PENALTY: Not more than five (5) years in prison
Not more than \$250,000 fine, or both
Not more than three (3) year term
Of supervised release
\$100 special assessment

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION -- IN U.S. DISTRICT COURT

BY ☐ COMPLAINT ☐ INFORMATION ☒ INDICTMENT
☐ SUPERSEDING: Case No.

OFFENSE CHARGED

- ☐ Petty
☐ Minor
☐ Misdemeanor
☒ Felony

Place of offense
Fresno County

U.S.C. Citation
See Indictment

Name of District Court, and/or Judge/Magistrate Judge Location (City)
Fresno, California

DEFENDANT -- U.S. vs.
RANDALL RUFF

Address

Birth
Date

- ☐ Male ☐ Alien
☐ Female (if applicable)

(Optional unless a juvenile)

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

IRS-CI - Mark Silva

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per FRCrP ☐ 20 ☐ 21 ☐ 40. Show District

☐ this is a reprosecution of charges previously dismissed which were dismissed on motion of:

☐ U.S. Att'y ☐ Defense

☐ this prosecution relates to a pending case involving this same defendant

SHOW
DOCKET NO.

☐ prior proceedings or appearance(s) before U.S. Magistrate Judge regarding this defendant were recorded under

MAGISTRATE
JUDGE CASE NO.

Name and Office of Person
Furnishing Information on
THIS FORM

Donna McCloskey

☒ U.S. Att'y ☐ Other U.S. Agency

Name of Asst. U.S.
Att'y (if assigned)

MARK J. McKEON

☐ This report amends AO 257 previously submitted

DEFENDANT

IS NOT IN CUSTODY

- 1) ☒ Has not been arrested, pending outcome of this proceeding
If not detained, give date any prior summons was served on above charges
2) ☐ Is a Fugitive
3) ☐ Is on Bail or Release from (show District)

IS IN CUSTODY

- 4) ☐ On this charge
5) ☐ On another conviction
6) ☐ Awaiting trial on other charges ☐ Fed'l ☐ State
If answer to (6) is "Yes," show name of institution

Has detainer
been filed?

- ☐ Yes
☐ No

If "Yes,"
give date
filed

Mo. Day Year

DATE OF
ARREST

Or ... if Arresting Agency & Warrant were not Federal

Mo. Day Year

DATE TRANSFERRED
TO U.S. CUSTODY

ADDITIONAL INFORMATION OR COMMENTS

☐ ADD FORFEITURE UNIT (Check if Forfeiture Allegation)