

**IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF FLORIDA
TALLAHASSEE DIVISION**

UNITED STATES OF AMERICA

CASE No: 4:18cr36-MW

v.

KENNETH ALEXANDER
_____ /

STATEMENT OF FACTS

The defendant admits that if this case were to proceed to trial, the government could prove the following beyond a reasonable doubt.

Defendant Kenneth Alexander aided and assisted in the filing of fraudulent income tax returns during the 2010 through 2016 tax years through his tax preparation business Wizard Business Center (WBC). In so doing, Alexander aided and assisted in stealing and converting to the use of his clients more that \$1000 of government funds. He also used the Florida Bar number of J.L. without lawful authority while committing the theft of government funds.

During this case, Alexander was the sole-shareholder of Wizard Business Center, Inc. (WBC), a tax preparation company located in Tallahassee, Florida, that he established in 2008. It is through this company Alexander committed his offenses by preparing false returns for WBC clients which inflated their tax refunds.

FILED IN OPEN COURT THIS

April 1, 2019

CLERK, U.S. DISTRICT
COURT, NORTH. DIST. FLA

Evidence gathered by the Internal Revenue Service (IRS) through client interviews and tax return information, established that Alexander prepared returns listing (i) false filing statuses, (ii) inflated or bogus charitable contributions, (iii) false employee business expenses, (iv) inflated or bogus education credits, and (v) false schedule C income and expenses. On some occasions, Alexander simply omitted Form 1099 income even after the client provided him proper documentation. Alexander did employ other return preparers at WBC; however, the majority of clients interviewed by IRS agents dealt with Alexander directly.

Alexander's illegal conduct consisted of-

- 1) Selling the "solar" lenses and then using the sale of the lenses to get large depreciation, solar power, and business deductions for his clients (including filing amended returns for prior years to take depreciation);
- 2) Filing tax returns for his clients which listed deductions, business expenses, and charitable donations that Alexander made up to increase his client's tax return;
- 3) Filing his own tax return with an inflated charitable donation;¹

¹ In addition to promoting an abusive tax scheme and preparing false returns, Alexander presented two false documents to an IRS auditor in an attempt to substantiate bogus charitable contributions listed on his wife's 2012 tax return and his own 2013 tax return. Even though Alexander was married during the years under audit, he filed separate returns for himself and claimed head of household on his wife's tax returns. When interviewed by IRS revenue agents, Alexander lied about his marital status.

- 4) Using the bar number of an attorney as his own on IRS Form 2848, Power of Attorney and Declaration of Representative.

Count Four

Alexander prepared a 2013 return for a WBC client, M.J. M.J.'s return contained several false items. As to the Schedule A included with M.J.'s tax return, it lists charitable cash gifts of \$3,146. However, M.J. indicates that she never discussed this amount with Alexander, and that she only donated \$100 in 2013. M.J. also did not incur any unreimbursed employee business expenses as listed on Form 2106 (which is incorporated into her Schedule A on line 21). M.J. indicated that she never discussed these numbers with Alexander, and that the entire Form 2106 was, in her words, "bogus."

Regarding the Schedule C attached to her return, M.J. indicated that she did not use her cell phone for a business. Alexander improperly prepared the Schedule C form listing \$442 of cell phone expenses. Additionally, M.J. indicated that she did purchase some solar panels from RAPOWER3. She indicated that she spent approximately \$2,000. However, Alexander improperly included a depreciation amount of \$29,470 on her Schedule C.

The Schedule E attached to M.J.'s return is also not correct. M.J. did own a rental property located in Georgia, but the figures listed on the schedule are not

correct. M.J. received \$7,770 in rent payments from the state of Georgia via the Section 8 program. However, the Schedule E shows \$0 received, despite M.J. providing the Form 1099 for the rent payments to Alexander via email. M.J. also indicated that \$600 of advertising and \$150 in legal fees claimed are false figures on her Schedule E.

M.J.'s marital status is also incorrect on the return. M.J. and her spouse met with Alexander for preparation of their 2013 return. During the meeting, they told him they were married in December of 2013. Alexander incorrectly advised them that it was alright to file separately since they had only been married a short amount of time. Alexander prepared separate returns for both, improperly listing head of household filing status on each.

Through these fraudulent misrepresentations on M.J.'s 2013 tax return, Alexander caused M.J. to receive a tax refund of \$7597, when she actually owed the government \$958, causing a tax loss of \$8,555.

Count Eleven

Agents of the IRS interviewed thirteen taxpayers (including M.J.) regarding 37 returns prepared by WBC. Total additional tax due and owing to the government is \$786,544 for those 37. The IRS civil division also conducted their own separate

investigation and discovered an additional \$505,116 of tax loss, for a total loss of \$1,291,660.

Count Twelve

As part of the theft of government funds in Count Eleven, Alexander used the Florida Bar number of J.L. to file 2848 Power of Attorney forms with the IRS. The forms allowed him to do several things, including obtaining tax information for the clients and representing them with the IRS. Alexander used J.L.'s Florida Bar number on the forms and claimed to be an attorney in 8 separate instances. J.L. has confirmed that Alexander did not have his permission to do so.

Alexander used the 2848 forms to carry out the scheme to steal from the IRS and later to attempt to cover it up, by representing the taxpayers when they were audited by the IRS.

The intended loss amount for the defendant's conduct is \$1,297,291.40, and the defendant owes restitution to the IRS in the amount of \$1,057,753.40.

ELEMENTS

Aiding and Assisting in the Preparation and Presentation of a False and Fraudulent Return - 26 U.S.C. § 7206(2)

- (1) That the Defendant aided in, assisted in, procured, counseled, or advised on, the preparation or presentation of a return, an affidavit, or a claim arising under, or in connection with any matter arising under, the Internal Revenue laws; and

- (2) this return, an affidavit, or a claim falsely stated material matters;
- (3) the Defendant knew that the statement in the return, an affidavit, or a claim was false;
- (4) the false statement was material; and
- (5) the Defendant did so with the intent to do something the Defendant knew the law forbids.

Theft of Government Money or Property - 18 U.S.C. § 641

- (1) the money or property described in the indictment belonged to the United States;
- (2) the Defendant embezzled, stole, or converted the money or property to his own use or to someone else's use;
- (3) the Defendant knowingly and willfully intended to deprive the United States of the use or benefit of the money or property; and
- (4) the money or property had a value greater than \$1,000.

Aggravated Identity Theft – 18 U.S.C. § 1028A

- (1) the Defendant knowingly transferred, possessed, or used another person's means of identification or identification documents;
- (2) the Defendant did so without lawful authority;
- (3) the Defendant knew the means of identification belonged to an actual person; and

- (4) the Defendant transferred, possessed, or used the means of identification during and in relation to Theft of Government Funds as alleged in the indictment.

April 1, 2019
Date

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3/31/2019
Date



GARY A. ROBERTS
Attorney for Defendant

1 April 2019
Date



WILLIAM E. BUBSEY
Attorney for Defendant

3/31/2019
Date



KENNETH ALEXANDER
Defendant