

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Criminal No. 18-
 :
 v. : 18 U.S.C. § 371;
 : 26 U.S.C. § 7206(1); and
 SAMUEL DAVIS, JR., and : 26 U.S.C. § 7206(2)
 KYNA FELDER-RUIZ :
 :

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Newark, charges:

COUNT 1

(Conspiracy to Defraud the Internal Revenue Service)

Background

1. At all times relevant to this Indictment:
 - a. SAMUEL DAVIS, JR., was a resident of Plainfield, New Jersey and owned and operated a tax preparation business named Get Organized Tax & Accounting (“GOTA”), a Schedule C sole proprietorship, which maintained offices and conducted business in Plainfield, New Jersey.
 - b. KYNA FELDER-RUIZ was a resident of Plainfield, New Jersey, and a tax preparer employed by GOTA.

- c. SAMUEL DAVIS, Jr. and KYNA FELDER-RUIZ's activities as operators of GOTA consisted of, among other things, the preparation and filing of U.S. Individual Income Tax Returns, Forms 1040, on behalf of GOTA's taxpayer clients.
- d. An individual who is paid to prepare or assist in preparing federal tax returns or claims for refund could obtain a preparer tax identification number ("PTIN") to identify the preparer of a particular tax return.
- e. A tax preparation business could obtain an electronic filing identification number ("EFIN") in order to electronically file tax returns.
- f. The Internal Revenue Service ("IRS"), an agency within the department of the Treasury, was responsible for administering and enforcing the tax laws of the United States, specifically, as relevant here, federal income tax laws.
- g. United States taxpayers had an obligation to report to the Internal Revenue Service ("IRS") on the Schedule C of a United States Individual Income Tax Return, Form 1040

(“Personal Tax Return”), all “gross receipts or sales” from businesses they operated as sole proprietorships.

2. From at least as early as in or about March 2012, and continuing thereafter up to and including the date of this Indictment, in Union County, in the District of New Jersey and elsewhere, defendants

SAMUEL DAVIS, JR., and
KYNA FELDER RUIZ

did unlawfully, voluntarily, intentionally and knowingly conspire, combine, confederate, and agree together and with each other and with other individuals both known and unknown to commit offenses against the United States: to wit, to violate Title 26, United States Code, Sections 7206(2).

The Object of the Conspiracy

3. It was the object of the conspiracy for SAMUEL DAVIS, JR., and KYNA FELDER RUIZ to generate increased referrals, enhance their business and thereby enrich themselves by preparing and filing with the IRS income tax returns that, for the purpose of generating tax refunds, were based on false, fabricated, and fictitious information that was used and created by SAMUEL DAVIS, JR., and KYNA FELDER RUIZ.

Manner and Means of Executing the Conspiracy

4. It was part of the conspiracy that SAMUEL DAVIS, JR., and KYNA FELDER-RUIZ each obtained an individual PTIN from the IRS. Defendant SAMUEL DAVIS, JR., obtained an EFIN in May 2004, which was utilized until

it was revoked by the IRS in January 2014. KYNA FELDER-RUIZ obtained a separate EFIN in March 2014, which was revoked in December 2017.

5. It was further part of the conspiracy that SAMUEL DAVIS, JR., and KYNA FELDER RUIZ, would routinely use a pattern of practices to unlawfully decrease their clients' taxable income and thereby obtain a larger refund than was lawfully due to their clients, including by, among other things, fabricating and inflating Schedule A deductions, such as charitable contributions and unreimbursed employee business expenses, and fabricating credits, such as education credits and residential energy credits.

6. It was further part of the conspiracy that SAMUEL DAVIS, JR., and KYNA FELDER RUIZ met with individual taxpayers at the office described in paragraph 1(a) to prepare the taxpayers' U.S. individual income tax returns.

7. It was further part of the conspiracy that SAMUEL DAVIS, JR., and KYNA FELDER RUIZ charged clients a fee for the preparation of their individual income tax return services.

8. It was further part of the conspiracy that SAMUEL DAVIS, JR., and KYNA FELDER RUIZ filed over 70 fraudulently prepared individual federal income tax returns with the IRS. As a result, the IRS paid out approximately \$232,009 in unwarranted refunds in the name of GOTA's clients.

Overt Acts

9. In furtherance of the conspiracy, and to effect the object thereof, the following overt acts were committed in the District of New Jersey, and elsewhere:

a. On or about March 18, 2013, SAMUEL DAVIS, JR., prepared a tax return for Taxpayer 1. That return stated that, for calendar year 2012, Taxpayer 1 was entitled to income tax deductions totaling approximately \$14,603.00, which included the following falsely claimed deductions: \$8,725.00 in gifts to charity and \$5,878.00 in unreimbursed employee expenses.

b. After the IRS revoked SAMUEL DAVIS, JR.'s EFIN in or about January 2014, SAMUEL DAVIS, JR., and KYNA FELDER-RUIZ enlisted another tax return preparer, Individual 1, to electronically file tax returns that SAMUEL DAVIS, JR., and KYNA FELDER-RUIZ had prepared for GOTA clients using Individual 1's EFIN although the returns were prepared by SAMUEL DAVIS, JR., and KYNA FELDER-RUIZ.

c. On or about February 26, 2017, KYNA FELDER-RUIZ prepared a 2016 U.S. Individual Income Tax Return, Form 1040, for Taxpayer 2. That return stated that, for calendar year 2016, Taxpayer 2 was entitled to income tax deductions totaling approximately \$15,024.00, which included the

following falsely claimed deductions: \$5,690.00 in gifts to charity and \$9,334.00 in unreimbursed employee expenses.

All in violation of Title 18, United States Code, Section 371.

COUNTS 2 THROUGH 9

(Aiding and Assisting in the Preparation and Presentation of False and Fraudulent Returns)

1. Paragraphs 1 and 4 through 9 of Count 1 of this Indictment are realleged and incorporated as though set forth in full herein.

2. On or about the dates listed below, in the District of New Jersey and elsewhere, defendants

SAMUEL DAVIS, JR., and
KYNA FELDER-RUIZ

did knowingly and willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of U.S. Individual Income Tax Returns, Forms 1040, either individual or joint, for the taxpayers and tax years identified below, which were false and fraudulent as to material matters, in that they contained false and fabricated credits and Schedule A deductions, including those described below, knowing that the returns were false and fraudulent, as follows:

Count	Defendant	Taxpayer	Tax Year	Date Filed (on or about)	Falsely Claimed Item(s)	Amount Falsely Claimed
2	SD	Taxpayer 3	2011	2/9/12	Charitable Contributions	\$5,399.00
					Job Expenses and Miscellaneous Deductions	\$3,177.00
					Child Care Credit	\$1,200.00

3	SD	Taxpayer 3	2012	2/8/13	Charitable Contributions	\$7,911.00
					Job Expenses and Miscellaneous Deductions	\$3,506.00
4	SD	Taxpayer 3	2013	2/20/14	Charitable Contributions	\$3,398.00
					Job Expenses and Miscellaneous Deductions	\$4,539.00
5	SD and KFR	Taxpayer 4	2012	3/9/13	Charitable Contributions	\$12,875.00
					Job Expenses and Miscellaneous Deductions	\$11,199.00
					Residential Energy Credit	\$1,500.00
6	SD and KFR	Taxpayer 4	2013	2/20/14	Charitable Contributions	\$9,284.00
					Job Expenses and Miscellaneous Deductions	\$15,007.00
7	SD	Taxpayer 5	2013	2/15/14	Charitable Contributions	\$4,185.00
					Job Expenses and Miscellaneous Deductions	\$8,312.00
8	KFR	Taxpayer 6	2015	4/11/16	Charitable Contributions	\$7,895.00

					Job Expenses and Miscellaneous Deductions	\$6,149.00
9	SD and KFR	Taxpayer 6	2016	4/14/17	Charitable Contributions	\$10,070.00
					Job Expenses and Miscellaneous Deductions	\$11,111.00

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

COUNT 10 through 12
(Making and Subscribing False Returns)

1. Paragraphs 1 and 4 through 9 of Count 1 of this Indictment are realleged and incorporated as though set forth in full herein.

2. On or about the dates listed below, in the District of New Jersey and elsewhere, defendant

SAMUEL DAVIS, JR.

did willfully make and subscribe individual income tax returns, Forms 1040, for the tax years identified below, in the District of New Jersey, which was verified by a written declaration that it was made under the penalties of perjury and which he did not believe to be true and correct as to every material matter. Those Forms 1040, which were prepared and signed in the District of New Jersey and were filed with the Internal Revenue Service, falsely underreported the income of SAMUEL DAVIS, JR., as listed below:

Count	Tax Year	Date Filed (on or about)	Falsely Reported Schedule C Gross Business Income
10	2011	4/17/2012	\$ 84,032.00
11	2012	4/17/2013	\$106,296.00
12	2013	10/15/2014	\$111,904.00

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

A TRUE BILL

FOREPERSON



CRAIG CARPENITO
United States Attorney